Supreme Court, U. S.
FILED
JUL 18 1974
MICHAEL RODAK, JR., CLERK

APPENDIX

IN THE

Supreme Court of the United States

OCTOBER TERM, 1973

NO. 73-1595

COLONIAL PIPELINE COMPANY,

Appellant,

VS.

E. LEE AGERTON,
COLLECTOR OF REVENUE,

Appellee.

APPEAL FROM THE SUPREME COURT
OF LOUISIANA

Filed April 25, 1974
Jurisdiction Noted June 17, 1974

CHRONOLOGICAL LIST OF DATES

In lieu of printing docket entries, the following chronological list of important dates on which pleadings were filed, hearings held and orders entered is supplied:

DOCUMENT	DATE
Petition filed	November 17, 1971
Judgment of Louisiana District Court	May 26, 1972
Judgment of Louisiana Court of Appeal	February 28, 1973
Rehearing Refused	April 9, 1973
Writ Granted by Louisiana Supreme Court	June 21, 1973
Judgment of Louisiana Supreme Court	January 14, 1974
Rehearing Refused	February 15, 1974
Notices of Appeal filed	March 28, 1974
Jurisdictional Statement filed	April 25, 1974
Motion to Dismiss filed	May 23, 1974
Jurisdiction Noted	June 17, 1974

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19TH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA
CIVIL DOCKET NO.

COLONIAL PIPELINE COMPANY NUMBER 152892 B

VS. Filed Nov 17, 1971

E. LEE AGERTON,
COLLECTOR OF REVENUE PETITION FOR TAX REFUND

The petition of Colonial Pipeline Company (Colonial), a corporation, with respect represents that:

1.

Colonial is a Delaware corporation with its principal office located in Atlanta, Georgia; petitioner now is and since 1962 has been qualified with the Secretary of State, but transacts only interstate business in the State of Louisiana.

2

Defendant, E. Lee Agerton, hereinafter referred to as "Collector", is the duly qualified and acting Collector of Revenue for the State of Louisiana.

3.

In connection with the filing of Colonial's Louisiana Income Tax (1969) and Franchise Tax (1970) return on September 15, 1970, Colonial advised the Collector that it was "engaged exclusively in interstate commerce" and was "therefore not subject to the Louisiana Franchise Tax." On the same date, counsel

for Colonial formally requested that the Department of Revenue make a determination as to its position concerning the application of the Louisiana Franchise Tax to Colonial's interstate operations in this State. A copy of said request is annexed as Exhibit "A".

4.

On September 14, 1971, the Department still having made no determination concerning application of the Louisiana Franchise Tax to Colonial's interstate operations in this State, Colonial filed its Income Tax (1970) and Franchise Tax (1971) return, and made the same declaration as appeared on the face of the 1969-1970 return denying any liability for the 1971 Franchise Tax. On the same date, counsel for Colonial again formally requested that the Department make a final determination of its position with regard to the matter. A copy of said request is annexed as Exhibit "B".

5.

The Collector, by a letter dated October 20, 1971, advised counsel for Colonial that the Chief Counsel for the Department of Revenue had finally determined that Colonial was "liable for the corporation franchise tax for 1970 and 1971." Accordingly, demand was made for the payment of said taxes in the total sum of $150,719.80, including tax and interest to October 30, 1971. A copy of said letter is annexed as Exhibit "C".

6.

On November 1, 1971, strictly in accordance with and pursuant to the provisions of L.R.S. 47:1576, Colonial paid to the Collector

the sum of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars under protest, covering franchise tax allegedly due for the years 1970 and 1971, together with interest thereon, and at the same time gave written notice to the Collector of its intention to file suit for the recovery thereof, as is shown by the letter addressed to the Collector dated November 1, 1971, and by the letter addressed to Mr. Ben A. Grasser, Director, Corporation Income and Franchise Tax Division, dated the same date, together with the receipt attached thereto, copies of which are attached hereto, marked Exhibits "D" and "E" respectively.

7.

Petitioner shows that it owns and operates a pipeline system extending from Houston, Texas, to the New York harbor area, together with various lateral lines, pumping stations, tank farms and other related facilities, all of which is used solely for the interstate transportation of refined petroleum products, petitioner being a "common carrier" under the jurisdiction of the Interstate Commerce Commission.

8.

Petitioner transports shipments of refined petroleum products for anyone desiring to ship under tariffs established for this purpose, and does not buy or sell any oil, gas or other minerals or products for its own account, either in the State of Louisiana or elsewhere, and it does not own any of the products transported in its pipeline system.

9.

Petitioner makes no intrastate movements or shipments and is not engaged in any other business; its business is solely that of an interstate carrier for hire.

10.

All personnel employed by Colonial and all facilities and property owned, leased or used by it are utilized solely in connection with the operation of its interstate business.

11.

In Colonial Pipeline Company vs Mouton, 228 So. 2d 718, writ refused, 255 La. 474, 231 So. 2d 393, the Court of Appeal, First Circuit, construed the provisions of L.R.S. 47:601 as levying a tax upon the privilege of doing business in Louisiana, and thus invalid when sought to be levied on Colonial, engaged as it was in interstate commerce.

12.

Colonial shows that there has been no change in its operations in Louisiana since the decision in "Colonial Pipeline Company vs. Mouton", supra, that it is still engaged solely in the interstate transportation of refined petroleum products, and that all of its personnel and facilities located in the State of Louisiana are utilized solely in the operation of its interstate business, all as set forth above.

13.

Colonial shows that the Collector nonetheless now seeks to impose the Louisiana Corporation Franchise Tax upon it, under the

provisions of L.R.S. 47:601, as amended by Act 325 of 1970.

14.

Colonial now shows that the Collector was and is in error in construing L.R.S. 47:601 as amended by Act 325 of 1970, as levying a tax upon petitioner because the statute does not impose any tax for the privilege of engaging exclusively in interstate commerce, and any such interpretation would be contrary to the terms and wording of the statute, as well as the purpose and intent of the Louisiana Legislature in enacting it, and the jurisprudence of this State in construing the statutory provisions in question.

15.

Alternatively, petitioner shows that should L.R.S. 47:601 be construed as levying any tax upon petitioner, which is denied, such statute violates Article I, Section 8, Clause 3 (the commerce clause) of the Constitution of the United States in that it constitutes an unlawful burden upon interstate commerce and infringes upon the powers of the Congress to regulate commerce among the states, and the due process clause of the Fourteenth Amendment of said Constitution, and Article I, Section 2 of the Louisiana Constitution, in that petitioner would be deprived of its property without due process of law, and any such tax imposition is therefore null and void.

16.

In the further alternative, and only in the event it be held that the Louisiana Corporation Franchise Tax is applicable to Colonial (which is denied) and as so applied is

constitutional (which is denied), then in such event, Colonial shows that the year 1970 was the first accounting period in which Colonial was or could be subject to said tax, and that, under the provisions of L.R.S. 47:611, is liable in said year for only the minimum tax of Ten ($10.00) Dollars.

WHEREFORE, Colonial prays for judgment against the defendant, Collector of Revenue, as follows:

I. In favor of Colonial Pipeline Company for the full sum of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars, together with interest on that amount at the rate of two (2%) percent per annum from November 2, 1971, until paid.

II. In the alternative, and only in the event it be found and held that the Louisiana Corporation Franchise Tax levied under the provisions of L.R.S. 47:601 is applicable to Colonial Pipeline Company (which is denied), and as so applied is constitutional (which is denied), then, in such event, there be judgment in favor of Colonial Pipeline Company holding that the only such tax due for the year 1970 was the sum of Ten ($10.00) Dollars, and judgment be accordingly rendered in favor of Colonial Pipeline Company in the full sum of Eighty Thousand Eight Hundred Twenty Five and 02/100 ($80,825.02) Dollars, representing refund of the excess Corporation Franchise Tax paid for the year 1970, together with interest on that amount at the rate of two (2%) percent per annum from November 2, 1971, until paid.

By Attorneys:

s/R. Gordon Kean Jr.
R. Gordon Kean, Jr. ---------- of
SANDERS, MILLER, DOWNING & KEAN
Post Office Box 1588
Baton Rouge, Louisiana 70821

Of Counsel:

Jack Vickrey
General Counsel
Colonial Pipeline Company
3390 Peachtree Road N.E.
Lenox Towers
Atlanta, Georgia 30326

INFORMATION FOR SERVICE:

Please serve: Collector of Revenue,
State of Louisiana,
Capitol Annex,
Baton Rouge, Louisiana.

- - - - -

P-1

FILED IN EVIDENCE
EXHIBIT P-1
DATE March 10, 197
Joan M. Marks
DEPUTY CLERK

September 15, 1970

Mr. Ben A. Grasser
Director
Corporation Income & Franchise Tax Division
Department of Revenue
Capitol Annex
Baton Rouge, Louisiana

Re: Colonial Pipeline Company

Dear Mr. Grasser:

This will confirm our several telephone conversations of Monday, September 14th, relative to the filing of the Corporation Income and Franchise Tax Return of Colonial Pipeline Company for the years 1969 (Income Tax), and 1970 (Franchise Tax).

As I pointed out to you, Colonial Pipeline Company is an interstate carrier of refined petroleum products. In the recent case entitled "Colonial Pipeline Company vs. Collector of Revenue", decided by the Court of Appeals, First Circuit (Writs Denied), it was held that the Louisiana Franchise Tax could not be constitutionally levied on the operations of this company in the State of Louisiana. We recognize, of course, that the Louisiana Franchise Tax Statute was amended by Act 325 of 1970; however, it is still our opinion as counsel for Colonial, that the tax, even as amended, cannot be constitutionally levied against and collected on Colonial's operations in this state, these activities being purely interstate in character.

Accordingly, we transmit herewith the tax return referred to, showing income tax due the State of Louisiana in the sum of $55,441.00 for the taxable year 1969. After deduction of estimated income tax payments, previously paid, there remains due the State of Louisiana a balance of $2,490.00, as shown on the return. We transmit herewith Colonial's check in such amount, in full payment of the income tax due as computed by Colonial.

With regard to the Louisiana Corporation Franchise Tax, we attach to the return, schedules which may be used for the purpose of determining

EXHIBIT A

Mr. Ben A. Grasser
Director
Corporation Income & Franchise Tax Division
Department of Revenue

the franchise tax due for 1970, if any such be due (which we deny). We compute the tax as of September 14, 1970, to be $69,536.00, with interest thereon in the amount of $1,391.00, making a total of $70,927.00 for the taxable year in question. As noted on the return, however, this amount is not being paid, it being our position, as aforesaid, that Colonial Pipeline Company is engaged exclusively in interstate commerce and is therefore not subject to the Louisiana Franchise Tax, levied as it would be on this interstate business.

As I indicated to you in our telephone conversation, Colonial was prepared to pay the Louisiana Corporation Franchise Tax for 1970, in the amount stated above, under protest in accordance with the provisions of L.R.S. 47:1576. At your suggestion, we file the return transmitted herewith in order that the Department of Revenue may follow its usual procedure in such cases, it being our understanding that no penalty will be assessed.

As soon as the Department of Revenue has made a final determination concerning application of the Louisiana Franchise Tax to Colonial's Louisiana activities, I would appreciate hearing from you. It would be our intention, as soon as a notice of proposed assessment is made, to immediately pay the tax under protest and file suit for a refund, all in accordance with the provisions of L.R.S. 47:1576.

Very truly yours,

R. Gordon Kean, Jr.

RGK:ja

Enclosures

P-2

FILED IN EVIDENCE
EXHIBIT P-2
DATE March 10, 19
DEPUTY CLERK

September 14, 1971

Mr. Ben A. Grasser
Director
Corporation Income & Franchise Tax Division
Department of Revenue
Capitol Annex
Baton Rouge, Louisiana

RE: Colonial Pipeline Company

Dear Mr. Grasser:

As you know, we have previously filed the Corporation Income and Franchise Tax Return of Colonial Pipeline Company, paying the income tax due the State of Louisiana, but, on the basis that Colonial is engaged exclusively in interstate commerce, we have not paid the Louisiana Franchise Tax. Appropriate information has been contained on the combination tax return filed by Colonial to indicate the amount of the franchise tax which might be due if such tax could legally be imposed on Colonial and I believe your files will reflect that this tax return was handled in this manner for the years 1969 (Income Tax) and 1970 (Franchise Tax).

As stated in my letter under date of September 15, 1970, we recognize that the Louisiana Franchise Tax statute was amended by Act 325 of 1970, subsequent to the decision in the case entitled "Colonial Pipeline Company vs. Collector of Revenue". However, it is still our opinion, as counsel for Colonial, that the Louisiana Franchise Tax, even as amended, cannot be constitutionally levied against and collected on Colonial's operations in this state, in view of the purely interstate character of these activities.

Accordingly, in following the procedure approved and followed last year, we transmit herewith the Corporation Income and Franchise Tax Return of Colonial Pipeline Company for the years 1970 (Income Tax) and 1971 (Franchise Tax). After deduction of estimated income tax payments previously paid, there remains due the State of Louisiana a balance of $621.00 for income tax, all as shown on the return. We transmit herewith Colonial's check in such amount in full payment of the income tax as computed by Colonial. In keeping with the understanding had and the return

filed last year, we attach to the return, schedules which may be used for the purpose of determining the Franchise Tax due for 1971, if any such be due (which we deny for the reasons aforesaid).

As noted on the return, however, the amount of the Franchise Tax as so computed is not being paid, it being our position, as aforesaid, that Colonial Pipeline Company is engaged exclusively in interstate commerce and is, therefore, not subject to the Louisiana Franchise Tax, levied as it would be on this interstate business.

As indicated in my letter of September 15, 1970, Colonial was prepared to pay the Louisiana Corporation Franchise Tax for 1970 under protest, in accordance with the provisions of L.R.S. 47:1576. However, since the Legal Division has not made a final determination concerning the legal question raised by Colonial, the return was handled in the same manner as the one attached herewith, it being our understanding, under the circumstances, that no penalty would be assessed.

We are, of course, still prepared to pay the Franchise Tax for 1970 under protest in order to bring this matter to a conclusion. As soon as the Legal Division has made a final determination concerning application of the Louisiana Franchise Tax to Colonial's Louisiana activities, I would appreciate hearing from you.

Very truly yours,

R. Gordon Kaan, Jr.

RGK/ebh
Enclosures

STATE OF LOUISIANA
DEPARTMENT OF REVENUE
BATON ROUGE 70821

E. LEE AGERTON
COLLECTOR OF REVENUE

October 20, 1971

P-3

FILED IN EVIDENCE
EXHIBIT P-3
DATE March 10, 1972
Janis M. Meade
DEPUTY CLERK

Mr. R. Gordon Kean, Jr.
Sanders, Miller, Downing & Kean
Attorneys at Law
P. O. Box 1588
Baton Rouge, Louisiana 70821

Dear Mr. Kean: Re: Colonial Pipeline Company

In accordance with your letter of September 28, 1971, we discussed the question of your client's liability for Louisiana corporation franchise tax with Mr. Donald Theriot, Chief Counsel for this Department. In his opinion, your client is liable for the corporation franchise tax for 1970 and 1971.

Please, therefore, have the taxpayer forward its remittance to us for $150,719.80. This amount which is tabulated below represents the corporation franchise tax due on the basis of the figures supplied in the tax returns plus interest to October 31, 1971.

	1970	1971
Corporation Franchise Tax	$69,535.50	$66,241.50
Interest to October 31, 1971	11,299.52	3,643.28
Total	$80,835.02	$69,884.78
		80,835.02
Grand Total		$150,719.80

Please attach the enclosed copy of this letter to your reply for identification purposes.

Very truly yours,

Ben A. Grasser, Director
Corporation Income and
Franchise Tax Division

BAG:bs
Enclosure

EXHIBIT C

SANDERS, MILLER, DOWNING & KEAN
BATON ROUGE SAVINGS & LOAN BUILDING
POST OFFICE BOX 1588
TELEPHONE 348-0951
BATON ROUGE, LOUISIANA

P-4

FILED IN EVIDENCE
EXHIBIT P-4
DATE March 10, 1972
Janis M. Meade
DEPUTY CLERK

November 1, 1971

Mr. Ben A. Grasser, Director
Corporation Income and Franchise Tax Division
State of Louisiana
Department of Revenue
Baton Rouge, Louisiana 70821

RE: Colonial Pipeline Company

Dear Mr. Grasser:

With regard to the above captioned matter and your letter of October 20, 1971 concerning it, I enclose herewith letter addressed to the Collector of Revenue transmitting the tax payment alleged to be due, which payment is made under protest pursuant to the provisions of L.R.S. 47:1576. In accordance with the provisions of the statute in question, I would appreciate it if you would acknowledge receipt of the letter of protest and place the funds in escrow as required by law.

With kind personal regards.

Very truly yours,

R. Gordon Kean, Jr.

RGK/cbh
Enclosures

Letter of protest addressed to Honorable E. Lee Agerton, Collector of Revenue, dated November 1, 1971, and accompanying check of Colonial Pipeline Company in the sum of $150,719.80 referred to in said letter received this 2nd day of November, 1971.

Ben A. Grasser, Director
Corporation Income and Franchise
Tax Division

EXHIBIT D

COPY

P-5

November 1, 1971

FILED IN EVIDENCE
EXHIBIT P-5
DATE March 10, 1972
DEPUTY CLERK

Honorable E. Lee Agerton
Collector of Revenue
State of Louisiana
Capitol Annex
Baton Rouge, Louisiana 70821

Dear Mr. Agerton:

We represent Colonial Pipeline Company, a Delaware corporation, with its principal office in Atlanta, Georgia. Colonial owns and operates a large diameter pipeline system extending from Houston, Texas to the New York Harbor Area, together with various lateral lines, pumping stations, tank farms and other related facilities, all of which is used solely for the interstate transportation of refined petroleum products.

Colonial has heretofore advised Mr. Dan A. Grasser, Director of the Corporation Income and Franchise Tax Division, that it is not liable for the Louisiana Franchise Tax imposed under the provisions of L.R.S. 47:601, et seq, for the reason that Colonial is engaged exclusively in interstate business. Under date of October 20, 1971, Mr. Grasser advised Colonial's attorney, Mr. R. Gordon Kean, Jr., that, in the opinion of the Department's Chief Counsel, Colonial was subject to the franchise tax, and the tax liability for the years 1970 and 1971 was a total of $150,719.80, including interest to October 31, 1971.

In accordance with the demand contained in Mr. Grasser's letter of October 20, 1971, check of Colonial Pipeline Company in the sum of $150,719.80 is enclosed herewith. This check covers the proposed assessment for the tax years 1970 and 1971, liability for which is, of course, denied.

This payment by Colonial is made under protest in accordance with the provisions of L.R.S. 47:1576, and to avoid any claim for penalties and possible seizure of Colonial's property. Notice is hereby given of Colonial's intention to promptly file suit for the recovery of the payment made herewith, together with interest according to law.

Very truly yours,

R. Gordon Kean, Jr.
Attorney and Agent for
Colonial Pipeline Company

RGK/cbb

EXHIBIT E

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

COLONIAL PIPELINE COMPANY, INC.	:	NO. 152,892
	:	DIVISION _____
VS.	:	
	:	
E. LEE AGERTON, COLLECTOR OF REVENUE	:	Filed Jan 7, 1972

A N S W E R

Now into court through the undersigned counsel comes E. Lee Agerton, Collector of Revenue, State of Louisiana, appearing herein solely in his said official capacity and for answer to the petition herein represents that:

1.

In reference to the allegations of Paragraph 1 of the petition, it is admitted that Colonial Pipeline Company, Inc. is a Delaware corporation with its principle office located in Atlanta, Georgia; and that is now and has since 1962 been qualified with the Secretary of State; but it is denied that Colonial transacts only interstate business in the State of Louisiana.

2.

The allegations of Paragraph 2 of the petition are admitted.

3.

The allegations of Paragraph 3 of the petition are admitted.

4.

The allegations of Paragraph 4 of the petition are admitted with the exception that it is denied Colonial transacts only interstate business in Louisiana.

5.

The allegations of Paragraph 5 of the petition are admitted.

6.

The allegations of Paragraph 6 of the petition are admitted.

7.

The allegations of Paragraph 7 of the petition are admitted with the exception that it is denied that petitioner is engaged solely in interstate transportation.

8.

The allegations of Paragraph 8 of the petition are denied for a lack of information to justify a belief therein.

9.

The allegations of Paragraph 9 of the petition are denied for a lack of information to justify a belief therein.

10.

The allegations of Paragraph 10 of the petition are denied for a lack of information to justify a belief therein.

11.

The allegations of Paragraph 11 of the petition are admitted.

12.

The allegations of Paragraph 12 of the petition are denied for a lack of information to justify a belief therein.

13.

The allegations of Paragraph 13 of the petition are denied, and in answering further the Collector asserts that the case of Colonial Pipeline Co. vs. Mouton, 228 So.2d 718 (1 cir., Nov. 17, 1969), writ refused, 255 La. 474, 231 So.2d 393 (Feb. 27, 1970) dealt only with the statutory construction of LRS 47:601 prior to its amendment by Act 325 of 1970, and that the provisions of Act 325 of 1970 substantially modified the imposition provisions of LRS 47:601, thereby making plaintiff herein liable for the tax imposed by LRS 47:601 under any circumstances as can be seen by comparing LRS 47:601 prior to the amendment, a copy of which is attached hereto marked as Exhibit D-1, with the provision of Act 325 of 1970, a copy of which is attached hereto marked as Exhibit D-2.

14.

The allegations of Paragraph 14 of the petition are denied.

15.

The allegations of Paragraph 15 of the petition are denied.

16.

The allegations of Paragraph 16 of the petition are denied.

WHEREFORE, the defendant, E. Lee Agerton, Collector of Revenue, prays for judgment in his favor and against the plaintiff, Colonial Pipeline Company, Inc., rejecting all its demands and dismissing this suit at plaintiff's costs.

BY ATTORNEYS:

s/Donald C. Theriot
Donald C. Theriot

s/Ben F. Day
Ben F. Day

Attorneys for the Collector of Revenue
State of Louisiana
P. O. Box 201
Baton Rouge, Louisiana 70821

Telephone: 389-5941

C E R T I F I C A T E

I hereby certify that a copy of the foregoing answer has been served on the plaintiff herein by mailing a copy of the same, postage prepaid, to its counsel of record addressed to them as follows:

1. Mr. R. Gordon Kean, Jr.
   Sanders, Miller, Downing & kean
   P. O. Box 1588
   Baton Rouge, Louisiana 70821

2. Mr. Jack Vickney
   General Counsel
   Colonial Pipeline Company
   3390 Peachtree Road N. E.
   Lenox Towers
   Atlanta, Georgia 30326

Baton Rouge, Louisiana, this 7th day of January, 1972.

s/Donald C. Theriot
Donald C. Theriot

- - - - -

EXHIBIT D-1

§ 601. Imposition of tax

Every domestic corporation and every foreign corporation, exercising its charter, authorized to do or doing business in this state, or owning or using any part or all of its capital or plant in this state, subject to compliance with all other provisions of law, except as otherwise provided for in this chapter, shall pay a tax at the rate of one dollar and 50/100 ($1.50) for each one thousand dollars ($1,000.00), or major fraction thereof on the amount of its capital stock, surplus, undivided profits, and borrowed capital, determined as hereinafter provided; the minimum tax shall not be less than ten dollars ($10.00) in any case. The tax levied herein is due and payable for the privilege of carrying on or doing business, the exercising of its charter or the continuance of its charter within this state, or owning or using any part or all of its capital or plant in this state.

Amended by Acts 1958, No. 437, § 2.

EXHIBIT D-1

ACT No. 325

House Bill No. 1500. By: Messrs. Womack, Guidry, Munson and Ordoneaux.

AN ACT

To amend and reenact Section 601 of Title 47 of the Louisiana Revised Statutes of 1950, relative to the imposition of the corporate franchise tax, to provide for alternative bases for imposition, which are, (1) the qualification to do business in this state or the actual doing of business within this state, (2) the exercising or continuance of a corporation's charter within this state, (3) the owning or using any part or all of a corporation's capital, plant or other property in this state in a corporate capacity, and to define the terms "doing business", "domestic corporation", and "foreign corporation".

Be it enacted by the Legislature of Louisiana:

Section 1. Section 601 of Title 47 of the Louisiana Revised Statutes of 1950 is hereby amended and reenacted to read as follows:

§ 601. Imposition of tax

Every domestic corporation and every foreign corporation, exercising its charter, or qualified to do business or actually doing business in this state, or owning or using any part or all of its capital, plant or any other property in this state, subject to compliance with all other provisions of law, except as otherwise provided for in this chapter shall pay an annual tax at the rate of $1.50 for each $1,000.00, or major fraction thereof on the amount of its capital stock, surplus, undivided profits, and borrowed capital, determined as hereinafter provided; the minimum tax shall not be less than $10.00 per year in any case. The tax levied herein is due and payable on any one or all of the following alternative incidents:

(1) The qualification to carry on or do business in this state or the actual doing of business within this state in a corporate form. The term "doing business" as used herein shall mean and include each and every act, power, right, privilege, or immunity exercised or enjoyed in this state, as an incident to or by virtue of the powers and privileges acquired by the nature of such organizations, as well as, the buying, selling or procuring of services or property.

(2) The exercising of a corporation's charter or the continuance of its charter within this state.

(3) The owning of using any part or all of its capital, plant or other property in this state in a corporate capacity.

It being the purpose of this section to require the payment of this tax to the State of Louisiana by domestic corporations for the right granted by the laws of this state to exist as such an organization, and by both domestic and foreign corporations for the enjoyment, under the protection of the laws of this state, of the powers, rights, privileges and immunities derived by reason of the corporate form of existence and operation. The tax hereby imposed shall be in addition to all other taxes levied by any other statute.

As used herein the term "domestic corporation" shall mean and include all corporations, joint stock companies or associations, or other business organizations organized under the laws of this state which have privileges, powers, rights or immunities not possessed by individuals or partnerships. The term "foreign corporation" shall mean and include all such business organizations as hereinbefore described in this paragraph which are organized under the laws of any other state, territory or district, or foreign country.

Section 2. If any provision or item of this Act or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this Act which can be given effect without the invalid provisions, items or applications, and to this end the provisions of this Act are hereby declared severable.

Section 3. All laws or parts of laws in conflict herewith are hereby repealed.

Section 4. The provisions of this Act shall be in force and effective for all taxable years beginning on or after December 31, 1969.

Approved by the Governor: July 13, 1970, at 2:15 P.M.

A true copy:

WADE O. MARTIN, JR.
Secretary of State.

Certified by the Governor as Emergency Legislation. June 24, 1970.

WADE O. MARTIN, JR.
Secretary of State.

19TH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA

DIVISION " "

COLONIAL PIPELINE COMPANY, INC — NO. 152,892

VS. — Filed Feb 8, 1972

E. LEE AGERTON, COLLECTOR OF REVENUE — PRE-TRIAL ORDER

Pre-trial conference was held before Honorable Daniel W. LeBlanc, Baton Rouge, Louisiana, on February 8, 1972, at 8:30 o'clock A.M.

R. Gordon Kean, Jr. ----- For Plaintiff

Donald C. Theriot and Ben F. Day - For Defendant, Collector of Revenue

1. PLAINTIFF'S CLAIM: This is a suit for a refund of taxes paid under protest in accordance with and pursuant to the provisions of L.R.S. 47:1576.

Colonial Pipeline Company (Colonial) is a foreign corporation with its principal office located in Atlanta, Georgia. Colonial owns and operates a pipeline system extending from Houston, Texas to the New York harbor area, together with various lateral lines, pumping stations, tank farms and other related facilities, all used solely and only for the interstate transportation of refined petroleum products.

Colonial is a "common carrier" of refined petroleum products under the jurisdiction of the Interstate Commerce Commission.

Colonial owns none of the products which it transports; all such refined petroleum products are owned by others, and are transported at rates fixed in a tariff approved by the Interstate Commerce Commission.

On May 9, 1962, Colonial qualified to do business in the State of Louisiana and has remained so qualified since that time. It facilities in this state, however, are all accessory to the transportation of refined petroleum products in interstate commerce. Colonial accepts certain deliveries of refined petroleum products from refineries in the Lake Charles and Baton Rouge areas, these products all destined for movement out of the State of Louisiana. Colonial delivers certain refined petroleum products from Texas refineries to the Baton Rouge pumping station for use in the Baton Rouge area. Colonial does not engage in any intrastate movement of refined petroleum products in the State of Louisiana.

Colonial, therefore, contends that it is not subject to the Louisiana franchise tax levied under the provisions of L.R.S. 47:601 et seq. on the "privilege" of doing business in the State of Louisiana. Colonial contends that the Collector was and is in error in construing L.R.S. 47:601, as amended by Act 325 of 1970, as levying a tax upon Colonial, because the statute does not impose any tax for the privilege of engaging exclusively in interstate commerce in this State, and any such interpretation would be contrary to the terms and meaning of the statute. Alternatively, Colonial contends that should L.R.S. 47:601, as amended, be construed as levying any tax upon Colonial (which is denied), then in such event, Colonial asserts that the statute, as so construed, violates Article I, Section 8, Clause 3 (the Commerce Clause) of the Constitution of the United States.

In the case of Colonial Pipeline Company vs. Mouton, 228 So. 2d 718, (writ refused, 231 So. 2d 393), with the comment: "There is no error of law in the judgment," the Court of Appeal, First Circuit, held that the incidence of the Louisiana Franchise Tax was upon the "privilege of doing business", and, accordingly, the proposed imposition of the tax as against Colonial was unconstitutional, being violative of the Commerce Clause of the United States Constitution. In that case, the court in recognizing that the incidence of the tax was upon the "privilege of doing business", stated:

> "* * * Even Colonial concedes that the State of Louisiana may levy a tax 'in lieu' of other taxes, on tangibles or intangibles (goodwill), or 'local incidence' or 'local activities' but this is not the issue before us. * * * This brings us right back to the undeniable fact that the statute makes no pretense of being levied upon 'local incidence' or 'local activities' but on the contrary is levied squarely upon the privilege of engaging in business in Louisiana."

The Louisiana legislature amended L.R.S. 47:601 by Act 325 of 1970. The apparent purpose of Act 325 of 1970 was to overrule Colonial vs. Mouton, supra; however, Colonial contends that the 1970 amendment did not accomplish the desired result.

The 1970 amendment did not change the operating incidence of the Louisiana Franchise tax; to the contrary the tax is still levied "squarely" upon the "privilege of doing business" in the State of Louisiana, and the several alternative bases for the tax levy, as set

forth in the 1970 amendment, each represent a mere restatement of the former statutory provisions in different form. Colonial contends, therefore, that the tax, by virtue of the 1970 amendment, is still clearly not levied as an "in lieu" tax upon tangibles or intangibles nor as a tax upon "local activities." To paraphrase Colonial vs. Mouton, supra, the amended statute makes no pretense of being levied upon "local incidence" or "local activities." On the contrary, the tax is levied squarely upon the privilege of doing or engaging in business in Louisiana; therefore, Colonial contends that the decision of the First Circuit in Colonial vs. Mouton, supra, is still controlling.

In the alternative, and only in the event it be found and held that the Louisiana corporate franchise tax, as amended by Act 325 of 1970, imposes a tax upon "local activities" or "local incidence", rather than upon the "privilege of doing business" (which is denied), then in such event, Colonial contends alternatively that the first year in which the said tax was imposed as against Colonial was the year 1970. Under these circumstances, and the provisions of L.R.S. 47:601, Colonial contends that it is only liable for the minimum tax of Ten ($10.00) Dollars for and during the year 1970.

Colonial paid the State of Louisiana the sum of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars representing the total of alleged franchise taxes due for the years 1970 and 1970 and interest. Colonial seeks a refund of that amount, together with interest thereon at the rate of two (2%) per cent per annum from November 2, 1971, until paid.

In the alternative, and only in the event it be found that the provisions of L.R.S. 47:601 are applicable to Colonial, and as so applied are constitutional (which is denied), then in that event, Colonial seeks judgment holding that the only such tax due for the year 1970 was the sum of Ten ($10.00) Dollars, and prays for a refund in the sum of Eighty Thousand Eight Hundred Twenty Five and 02/100 ($80,825.02) Dollars, representing refund of the excess corporate franchise tax paid for the year 1970, together with interest on that amount at the rate of two (2%) per cent per annum from November 2, 1971, until paid.

2. DEFENDANT'S CLAIM: Defendant, Collector of Revenue, contends that the case of Colonial Pipeline Company vs. Mouton, supra, dealt only with the statutory construction of L.R.S. 47:601 prior to its amendment by Act 325 of 1970, and that the provisions of Act 325 of 1970 substantially modified the imposition provisions of L.R.S. 47:601, thereby making Colonial liable for the tax imposed by L.R.S. 47:601. The Collector further denies that Colonial is entitled to any refund of taxes.

3. CLAIMS OF OTHER PARTIES: None.

4. ESTABLISHED FACTS:

(A) Colonial is engaged in the transportation of refined petroleum products through a pipeline located across the State of Louisiana, and owns and operates certain pumping stations and other facilities in the State of Louisiana required to move said refined petroleum products through the pipeline.

(B) The State of Louisiana levies a franchise tax designated as the Corporate Franchise Tax pursuant to and under the

provisions of L.R.S. 47:601, et seq; that L.R.S. 47:601 was amended by Act 325 of 1970.

(C) The Collector advised Colonial, by letter dated October 20, 1971, that in the opinion of chief counsel for the Collector, Colonial was liable for the corporation franchise tax for 1970 and 1971.

(D) Colonial paid the corporate franchise tax allegedly due for the years 1970 and 1971 under protest by letter dated November 1, 1971, and transmitted with said letter check of Colonial in the sum of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars, which payment was made under protest in accordance with the provisions of L.R.S. 47:1576.

(E) Corporate franchise tax allegedly due for the year 1970 was the sum of Eighty Thousand Six Hundred Thirty Five and 02/100 ($80,635.02) Dollars, including interest to October 31, 1971.

(F) Corporate franchise tax allegedly due for the year 1971 was a total of Sixty Nine Thousand Eight Hundred Eighty Four and 78/100 ($69,884.78) Dollars, including interest to October 31, 1971.

(G) The total refund to which Colonial would be entitled, if successful in these proceedings, is the sum of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars.

(H) In the event Colonial is successful only with respect to its alternative demand, the total refund which would be due under the alternative demand would be the sum of Eighty Thousand Eight Hundred Twenty

Five and 02/100 ($80,825.02) Dollars.

(I) Colonial Pipeline Company, Inc. is a Delaware corporation, with its principal office located in Atlanta, Georgia.

5. CONTESTED ISSUES OF FACT:

(A) Whether or not Colonial transacts only interstate business in the State of Louisiana.

6. CONTESTED ISSUES OF LAW:

(A) The operating incidence of the Louisiana Corporate Franchise Tax as imposed by the provisions of L.R.S. 47:601, as amended by Act 325 of 1970.

(B) Whether or not the operating incidence of the tax, by virtue of the 1970 amendment, is upon "local activities" or "local incidents" carried on by a foreign corporation doing business in this State.

(C) If the operating incidence of the tax, by virtue of the 1970 amendment, is upon "local activities", whether or not Colonial is engaged in such "local activities" in this State as to justify imposition of the tax.

(D) If the Louisiana Corporate Franchise Tax, levied by L.R.S. 47:601, as amended by Act 325 of 1970, is imposed upon Colonial, whether such imposition violates Article I, Section 8, Clause 3 (the Commerce Clause) of the Constitution of the United States.

(E) Whether or not the case of Colonial Pipeline Company vs. Mouton, supra, is controlling as the law of this case.

(F) In the further alternative, and in the event it be held that the Louisiana Corporate Franchise Tax is applicable to Colonial (which is denied) and as to applied is constitutional (which is denied), then in such event, whether or not Colonial is obligated for the entire amount of tax assessed for the year 1970, or whether under the provisions of L.R.S. 47:611, Colonial is liable in said year for only the minimum tax of $10.00.

7. EXHIBITS:

(A) For the Plaintiff:

(1) Letter dated September 15, 1970, addressed to the Director, Corporation Income and Franchise Tax Division, Department of Revenue by the attorney for Colonial, said letter annexed to the petition as Exhibit A.

(2) Letter dated September 14, 1971, addressed to the Director of Corporation Income and Franchise Tax Division by the attorney for Colonial, said letter annexed to the petition as Exhibit B.

(3) Letter dated October 20, 1971, addressed by Director, Corporation Income and Franchise Tax Division, Department of Revenue, to attorney for Colonial Pipeline Company, setting forth an assessment of One Hundred Fifty Thousand Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars, representing alleged corporation franchise tax due for the years 1970 and 1971, annexed to the petition as Exhibit C.

(4) Letter dated November 1, 1971, addressed to Director, Corporation Income and Franchise Tax Division, by attorney

for Colonial, transmitting letter of protest and payment under protest, and setting forth the acknowledgement of the Director of the receipt of same, said letter and acknowledgement being annexed to the petition as Exhibit D.

(5) Letter dated November 1, 1971, addressed to Honorable E. Lee Agerton, Collector of Revenue, paying the said franchise taxes allegedly due for the years 1970 and 1971, under protest, in accordance with the provisions of L.R.S. 47:1576, which said letter is annexed to the petition as Exhibit E.

(6) Map of Colonial's system and facilities from Houston, Texas to the New York Harbor area, which includes the route of the pipeline and the location of accessory facilities in the State of Louisiana.

(7) The written description of each of the pumping stations and other facilities which Colonial owns and operates within the State of Louisiana, showing the total investment in said facilities for the year 1970, together with the amount of ad valorem taxes paid to the State of Louisiana and other political subdivisions having authority to levy such taxes for and during the same year.

(8) Copies of the income and franchise tax returns filed by Colonial in each of the years 1970 and 1971, showing the amount of Louisiana income tax paid in each of said years.

(9) Informational brochure describing the extent and purpose of Colonial Pipeline system.

(10) Copy of the tariff filed by Colonial with the Interstate Commerce Commission showing rates authorized to be charged for the interstate transportation of petroleum products through the Colonial system to and from the various points in that system.

(11) A listing of all taxes other than the taxes which are in dispute which Colonial Pipeline has been paying and is paying to the State of Louisiana.

(12) Flow sheets showing movement of products through Colonial's Louisiana system.

(13) List of Colonial employees in the State of Louisiana and their duties.

B. For Defendant: None.

8. EXHIBIT AUTHENTICITY: Subject to the right of cross examination as to the correctness of facts and figures shown in the exhibits, it will not be necessary to call witnesses to verify the authenticity of same.

9. AMENDMENTS: No amendments to the pleadings are anticipated.

10. WITNESSES:

(A) Plaintiff may call the following witnesses:

(1) Mr. Franklin B. Whitaker

(2) Mr. John Brien

(3) Mr. Charles Graham

(B) Defendant, Collector of Revenue, may call the following witnesses: None.

11. CERTIFICATION: The usual pre-trial conference of attorneys required by Section 2 of Rule 7 of the Rules of the 19th Judicial District Court was not held, the two day period within which to submit a pre-trial order having been waived by the Court due to the short notice of the pre-trial conference.

12. ADDITIONAL MATTERS: In the event there are other witnesses to be called at the trial, their names and addresses and the general subject matter of their testimony will be reported to opposing counsel at least ten (10) days prior to trial. This restriction shall not apply to rebuttal witnesses.

The parties believe that the case can be submitted on a stipulation.

Respectfully submitted,

s/R. Gordon Kean Jr.
R. Gordon Kean, Jr. ---------- of
SANDERS, MILLER, DOWNING & KEAN
Post Office Box 1588
Baton Rouge, Louisiana 70821
Attorney for Plaintiff, Colonial Pipeline Company

s/Donald C. Theriot
Donald C. Theriot

s/Ben F. Day
Ben F. Day

Attorneys for the Collector of Revenue, State of Louisiana
Post Office Box 201
Baton Rouge, Louisiana 70821

ORDER

IT IS ORDERED that this matter be set for trial on the 10th day of March, 1972, at 9:30 o'clock A.M.

Baton Rouge, Louisiana, this 8th day of February, 1972.

s/Daniel W. LeBlanc
JUDGE, 19TH JUDICIAL DISTRICT COURT

...oOo...

NINETEENTH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA
DIVISION B

COLONIAL PIPELINE COMPANY, INC.	:	NO. 152,892
VS.	:	Filed Aug 16,1972
E. LEE AGERTON, COLLECTOR OF REVENUE	:	

NOTE OF EVIDENCE
FRIDAY, MARCH 10, 1972

HONORABLE DANIEL W. LeBLANC
JUDGE PRESIDING

Appearances:

R. Gordon Kean, Jr. For Plaintiff
Sanders, Miller, Downing and Kean

Donald C. Theriot and A. Lynn Wright For Defendant

Reported By
Julia M. Meole
Court Reporter

COLONIAL PIPELINE COMPANY, INC.	:	NO. 152,892-DIVISION B
	:	19TH JUDICIAL DISTRICT
VS.	:	COURT
E. LEE AGERTON, COLLECTOR OF REVENUE	:	PARISH OF EAST BATON ROUGE
	:	STATE OF LOUISIANA

::

NOTE OF EVIDENCE
MARCH 10, 1972

Appearances:

R. Gordon Kean, Jr. For Plaintiff
Sanders, Miller, Downing & Kear

Donald C. Theriot and A.
Lynn Wright For Defendant

MR. KEAN:

May it please the Court, I think we are in position to stipulate on the offerings and on the matters which would form the basis of this suit, and I think, just in order to get those in the record, I'll go ahead and make those offerings now:

We would first like to offer and produce in evidence, and have it marked Plaintiff No. 1, copy of letter dated September 15, 1970, identified with the petition as Exhibit A, which is a letter written to Mr. Ben A. Grasser, Director of the Corporation Income and Franchise Tax Division, concerning Colonial's position with respect to the Louisiana franchise tax.

I would like to offer, produce and file

in evidence a copy of a letter dated September 14, 1971, marked Exhibit B as an attachment to the petition, and ask that it be marked Plaintiff No. 2.

I offer, produce and file in evidence copy of a letter dated October 20, 1971, identified with petition as Exhibit C, and ask that it be marked Plaintiff No. 3, that letter being addressed to me as counsel for Colonial Pipeline Company, making demand for the tax, and paid under protest.

I offer, produce and file in evidence copy of a letter dated November 1, 1971, addressed by myself as counsel for Colonial to Mr. Grasser, transmitting the tax payment, under protest, and containing Mr. Grasser's acknowledgment, and ask that that be marked as Plaintiff's Exhibit No. 4.

I offer, produce and file in evidence copy of a letter dated November 1, 1971, addressed to Honorable E. Lee Agerton by myself as counsel for Colonial, formally paying the tax, under protest, in accordance with the provisions of L.R.S. 47:1576 and ask that that be marked Plaintiff's Exhibit No. 5.

I offer, produce and file in evidence copy of the certificate of the corporation, addressed to the Secretary of State of the State of Louisiana, under which certificate Colonial Pipeline qualified to do business in the State of Louisiana for the purpose of conducting interstate business, and ask that that certificate together with the statement and the appointment of agent, together, be marked Plaintiff's Exhibit No. 6, and I would ask leave of Court to substitute xeroxed copies of these documents.

THE COURT:

Yes, sir.

I offer, produce and file in evidence, and ask that it be marked as Plaintiff Exhibit No. 7, eight sheets together, to be marked together as Plaintiff's Exhibit No. 7, this exhibit containing a list of all of the facilities of Colonial Pipeline Company located in the State of Louisiana, other than the pipeline itself, consisting of booster stations handling tankage, together with the evaluation of the investment in those facilities for the years 1963, 1967 and 1971. Each of these documents relating to the several stations contain a description of the stations and the operational facilities located in the station.

I produce, offer and file in evidence a memorandum prepared by Mr. J. H. Brien, Comptroller of Colonial Pipeline Company, and ask that it be marked Plaintiff's Exhibit No. 8, which lists Louisiana taxes paid by Colonial Pipeline Company in the years 1970 and 1971, being ad valorem and income taxes due and paid by the company during each of those years.

I offer, produce and file in evidence, and ask that it be marked Plaintiff's Exhibit No. 9, a map or drawing showing the schematic location of Colonial Pipeline system from Houston, Texas, to the New York harbor area and the states in which it is located, including the State of Louisiana as well as location of the several pumping stations which we have previously identified in Plaintiff's Exhibit No. 7, I think.

I offer, together, and ask that they be marked Plaintiff's Exhibit No. 10, A, B, and C, tariffs approved by the Interstate Commerce Commission relating to the transmission of products through the Colonial Pipeline system: 10-A to be the tariff identified as effective September 1, 1969; 10-B to be identified as the tariff effective August 20, 1970; and 10-C to be identified as tariff effective November 4, 1971.

I offer, produce and file in evidence, and ask that it be marked Plaintiff's Exhibit No. 11, document identified as Colonial Pipeline Company flow chart, as of June 1971, which shows the flow of the products through the Colonial system, points of injection as well as points of shipment. I think,by way of explanation to the Court, that if we look at the tariffs that are filed, you will find that there are no tariffs between Lake Charles and Opelousas and Baton Rouge, which are the only two points which receive products in the State of Louisiana, so that all of the products which come to the Opelousas and Baton Rouge points of delivery come from Texas origination points, as would be reflected by the tariffs filed in evidence.

I offer, produce and file in evidence document to be marked as Plaintiff's Exhibit No. 12, which shows a listing of the various shippers shipping refined petroleum products through the plantation system, as well as the identification initials and numbers for those products - for those companies and the products which are shipped through the line which are used in connection with computer operations of the system, the computer being operated out of Atlanta.

I offer produce and file in evidence, and ask that it be marked Plaintiff's Exhibit No. 13, a list of the Colonial Pipeline employees located in the State of Louisiana, together with a description of the duties of each of those employees.

I offer, produce and file in evidence, and ask that it be marked Plaintiff's Exhibit No. 14, an informational brochure containing facts about Colonial Pipeline Company which shows among other things the length of the main line and the length of the stub line.

I offer, produce and file in evidence a copy of the corporation income and franchise tax return filed by Colonial for the year 1969 and the year 1970, with the supporting schedules attached, and ask that it be marked Plaintiff's Exhibit No. 15.

I also offer, produce and file in evidence the copy of the corporation income and franchise tax return for the years 1970, 1971 and ask that it be marked Plaintiff's Exhibit No. 16.

It is further stipulated by and between counsel that, except for the following changes in operations of Colonial Pipeline in the State of Louisiana, all of the testimony offered in connection with the first Colonial suit, being No. 116,840 on the docket of this Court, is equally applicable to this case, the changes being as follows:

1. At the time of the first suit, the administrative offices of the Western Division of Colonial Pipeline Company were located in the State of Louisiana, and I might say, parenthetically, were actually in the

same offices we're in right now. These offices are no longer located in the State of Louisiana, and there are no administrative personnel of Colonial Pipeline Company in the State of Louisiana - there were no administrative personnel of Colonial Pipeline Company in the State of Louisiana during the years 1970 and 1971. The field personnel who are listed in the list of Colonial employees, those that are located west of the Mississippi River in the State of Louisiana report to administrative offices in Beaumont, Texas, and those who are located east of the Mississippi River in the State of Louisiana report to administrative offices in Hattiesburg, Mississippi.

2. There has been an increase in handling tankage at the Baton Rouge station, located north of Baton Rouge, which increase is reflected by the increase in investment as shown in the document which describes the Baton Rouge station.

Since the operations of Colonial Pipeline Company are otherwise the same in the State of Louisiana as they were at the time of the first suit, I would like to offer, produce and file in evidence a copy of the transcript of testimony in that suit and ask that it be marked Plaintiff's Exhibit No. 17.

I believe that's it, Your Honor.

THE COURT:

You want to stipulate to the mileage?

MR. KEAN:

Oh, yes, I'm sorry.

Counsel further stipulate that the total mileage of the pipeline owned and operated by Colonial in the State of Louisiana is 258 miles, including both the main line and the lateral line.

MR. THERIOT:

The Collector of Revenue accepts the stipulation as presented by Mr. Kean with the exceptions as so stated by him.

MR. KEAN:

As so stated by what?

MR. THERIOT:

As so stated by you.

THE COURT:

All right.

MR. KEAN:

I had hoped to have a brief completed by this time to furnish to the Court but since there wasn't any cause . . . . I've got it just about done, and I think I can have it done and available to the Court and Mr. Theriot by the end of the day. It would seem to me that it might be helpful to the Court to have the benefit of briefs, and then if you think that oral argument, at that point, would be helpful to the Court, we would then be available to argue and the Court could simply take it under advisement and decide it on briefs to be filed. I think to spend a lot of time this morning in attempting to argue the case might just

not serve any useful purpose.

THE COURT:

You want to submit a brief, Mr. Theriot?

MR. THERIOT:

Yes, I request fifteen days to submit a reply brief to Mr. Kean.

THE COURT:

All right, today is the tenth. You will have until Monday, the twenty-seventh. I don't anticipate oral argument, but by the time Mr. Theriot's brief comes in, and I have a chance to read it, I'll either advise you, then, that I'll take it under advisement officially or I will set a time for argument.

MR. KEAN:

I would like to ask, I don't know if it will be necessary, but if a couple of days are necessary to file a reply brief, I think I have anticipated in the brief I am filing the arguments of Mr. Theriot --

THE COURT:

Yes, sir, I think with all the stipulations, the briefs will be very short.

MR. KEAN:

Thank you very much, Judge.

NOTE OF EVIDENCE CONCLUDED

- - - - -

P-6

FILED IN EVIDENCE
EXHIBIT P-6 (1 of
DATE March 10, 19
Lucia M. Meade
DEPUTY CLERK

APPOINTMENT OF AGENT

PURSUANT TO PROVISIONS OF R.S. 1950, 12:206

(TO BE FILED WITH AGENT)

COLONIAL PIPELINE COMPANY

KNOW ALL MEN BY THESE PRESENTS:

That SUMTER D. MARKS, JR., LOUIS B. CLAVERIE, ASHTON PHELPS and J. BARNWELL PHELPS, with offices located at 420 Hibernia Building, NEW ORLEANS 12, LOUISIANA, are hereby designated as agents of this corporation for the objects and purposes set forth in R.S. 1950, 12:206, Subds. B, C and D, and their aforesaid office is hereby designated as the office of said corporation for all the objects and purposes of said section.

COLONIAL PIPELINE COMPANY

By _____
SEcretary

Dated May 7, , 1962.

La.-221-5/1/61

FILED IN EVIDENCE
EXHIBIT P-6 (Copy)
DATE March 10, 1972
Lucia M. Meade
DEPUTY CLERK

STATEMENT

In Compliance With R. S. 1950, Title 47, Chapter 3, Part I

TO BE FILED WITH THE SECRETARY OF STATE OF THE STATE OF LOUISIANA, BATON ROUGE, LOUISIANA, AT THE TIME OF MAKING APPLICATION TO DO BUSINESS IN LOUISIANA, BY ALL FOREIGN CORPORATIONS.

State of Georgia
County of Fulton

Before me, the undersigned authority a notary public in and for said County and State, duly commissioned and qualified, personally came and appeared Karl T. Feldman, Vice President and Jack Vickrey, Secretary, who being by me first duly sworn, depose and say:

That they are the Vice President and Secretary, respectively, of the COLONIAL PIPELINE COMPANY, a corporation organized under the laws of the State of Delaware, domiciled at Wilmington, with its principal offices at 100 West Tenth Street, City of Wilmington;

That the total amount of the authorized capital stock of the said COLONIAL PIPELINE COMPANY is 40 Million dollars; that the value of the gross assets of the said corporation employed in the State of Louisiana is None dollars; and that the total value of the gross assets of the said corporation wherever employed is 4,022,900 dollars.

That the portion of capital stock represented by Assets in Louisiana is None dollars.

Karl T. Feldman
Vice President.

Jack Vickrey
Secretary.

Sworn to and subscribed before me on this 7 day of May, 1962

Notary Public.

Fee $ 0

Notary Public, Georgia, State at Large
My Commission Expires Aug. 1, 1962

44

FILED IN EVIDENCE
EXHIBIT P-6 (3 of 4)
DATE March 10, 1972
Julia M. Meade
DEPUTY CLERK

THIS FORM PREPARED AND PUBLISHED BY
WADE O. MARTIN, JR.
SECRETARY OF STATE
STATE OF LOUISIANA
BATON ROUGE

POWER OF ATTORNEY
As Required By R. S. 1950, 12:202

R.S. 12:202. Documents to be filed with Secretary of State; agent for service of process

A. As a condition precedent to being authorized to do business in this state, every corporation, except corporations engaged in the business of insurance in all its forms, shall file with the Secretary of State the following documents:

1. A written declaration stating its domicile, the place in the state where it intends to do or is doing business, the intended place or the actual place of its principal business establishment in this state and outside of this state, and the name and address (including street and number, if any) of its agent in this state upon whom process may be served.

2. A written power of attorney appointing the agent upon whom process may be served. Such agent may be an individual who is a resident of this state, or a corporation authorized to transact business in this state and authorized by its charter to act as the agent of a corporation for service of process. Before any corporation may be appointed the agent upon whom process may be served, it shall file with the Secretary of State a certificate setting forth the names of at least two individuals at its address as set forth in the declaration filed pursuant to paragraph 1 of this Subsection, each of whom is authorized to receive any process served on it as such agent, and the corporation may by filing an amended certificate substitute or add the names of other individuals.

3. A certified copy of a resolution of the board of directors of the foreign corporation. This resolution, which shall accompany the power of attorney required by paragraph 2 of this Subsection shall agree that any lawful process against the corporation which is served upon the agent shall be a valid service upon the corporation. This authority shall continue in force and be maintained as long as any liability growing out of or connected with the business done by the corporation in this state remains outstanding against the corporation.

4. A certified copy of its articles of incorporation, together with a certified copy of its certificate of incorporation. Subsequent modification of the articles or certificate of incorporation shall be filed as provided herein. Until filed, they shall be ineffective in this state.

Know All Men By These Presents:

That COLONIAL PIPELINE COMPANY

a corporation organized under the laws of the State of Delaware
domiciled at 100 West Tenth Street (Street), Wilmington (City), State of Delaware, and having its principal business establishment in the City of Atlanta, at 3330 Peachtree Rd., N. E. (Street), State of Georgia / Interstate / Interstate, doing business, or being about to do business in the State of Louisiana in conformity with the laws thereof, does, pursuant to the laws of said State, hereby make this its written declaration that it is doing business at the following place or places in the State of Louisiana, to-wit:

Baton Rouge (City) and elsewhere throughout the State (Street)

(City) (Street)

(City) (Street)

that the place of its principal business establishment in the State of Louisiana is

does 315 Baton Rouge Savings & Loan Assn. Bldg., Baton Rouge (Street) (City)

and that it does hereby make, constitute and appoint C T CORPORATION SYSTEM of the City of New Orleans 12

420 Hibernia Building (City)

Parish of Orleans (Street Address)

lawful ATTORNEY, in and for the State of Louisiana, on whom all process of law, whether mesne or final, against said Corporation, may be served in any action against said Corporation in the State of Louisiana, subject to and in accordance with all the provisions of law of said State of Louisiana now in force and such acts as may be hereinafter passed amendatory thereof and supplementary thereto, and the said Attorney is hereby duly authorized and empowered, as the Agent of said Corporation, to receive service of process in all cases as provided for by the Laws of the State of Louisiana, and such services shall be deemed valid personal service and binding upon this Corporation, agreeably to the Constitution of Louisiana, and in compliance with R. S. 1950, 12:202. This appointment is to continue in force for the period of time and in the manner provided for by the statutes of the State of Louisiana, and until another Attorney shall be duly and regularly substituted.

IN WITNESS WHEREOF, The said Corporation, in accordance with a resolution of its Board of Directors, duly passed on the 6th day of March A. D., 19 62, (a certified copy of which is hereto attached), has to these presents affixed its corporate Seal, and caused the same to be subscribed and attested to by its President and Secretary at the City of Atlanta in the State of Georgia on the 7th day of May A. D., 19 62.

(SEAL)

[illegible] Secretary

[illegible] Vice President

Form 44

CERTIFIED COPY OF A RESOLUTION DULY PASSED BY THE BOARD OF DIRECTORS OF THE

COLONIAL PIPELINE COMPANY

CORPORATION ON THE 6th DAY OF March 19 62

At a meeting of the Board of Directors of COLONIAL PIPELINE COMPANY

held on the 6th day of March

A. D., 19 62, at the office of the Corporation, in the City of Atlanta

State of Georgia, a quorum of said Board being present, on motion the following resolution was duly passed:

"*Resolved*, That this Corporation having been admitted or having applied for admission to transact business in the State of Louisiana, in conformity with the laws thereof, hereby makes, constitutes and appoints

C T CORPORATION SYSTEM

420 Hibernia Building
(Street Address)

of the City of New Orleans 12 Parish of Orleans its true and lawful ATTORNEY in and for the State of Louisiana, with the powers hereinafter set forth; and hereby authorizes the President and Secretary, under the corporate seal of the Corporation to file a written declaration in the office of the Secretary of State, setting forth the place or locality of the domicile of this corporation, the place or places in the State of Louisiana where it is doing business, and the name of its agent in said State upon whom process may be served, and for said purpose particularly does here authorize the said President and Secretary, under the corporate seal of the Corporation, to make, constitute and appoint

C T CORPORATION SYSTEM

420 Hibernia Building
(Street Address)

of the City of New Orleans 12 Parish of Orleans its true and lawful ATTORNEY, in and for the State of Louisiana, on whom all process of law, whether mesne or final, against the said Corporation may be served in any action against said Corporation in the State of Louisiana, subject to and in accordance with all the provisions and statutes and laws of said State of Louisiana now in force, and such Acts as may hereafter be passed, amendatory thereof and supplementary thereto; and the said Attorney to be duly authorized and empowered, as the Agent of said Corporation, to receive service of process, in all cases as provided for by the laws of the State of Louisiana, and such service to be deemed valid personal service and binding upon this Corporation agreebly to the Constitution of Louisiana, and in compliance with R. S. 1950, 12:202. Said appointment is to continue in force for the period of time and in the manner provided for by the Statutes of the State of Louisiana, and until another Attorney shall be duly and regularly substituted."

I hereby certify that the above is a correct copy of the Resolution of the Directors of said Corporation, duly adopted, authorizing the appointment of an attorney for the State of Louisiana.

(SEAL) Witness my hand and seal of said COLONIAL PIPELINE COMPANY Corporation at Atlanta this day of , 1962

, Secretary

STATE OF Georgia
COUNTY OF Fulton } SS
CITY OF Atlanta

On this day of , 1962, before me, the subscriber, Notary duly appointed to take proof and acknowledgment of deeds and other instruments, came Karl T Tollmar Vice President, and Jack Vickrey, Secretary of the COLONIAL PIPELINE COMPANY

Corporation, to me personally known to be the individuals described in and who executed the preceding instrument, and they each duly acknowledged to me, the execution of the same, and being by me duly sworn severally and each for himself deposeth and saith that they are the officers of the Corporation aforesaid, and that the seal affixed to the preceding instrument is the corporate seal of the said Corporation; and that the said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of said corporation.

IN TESTIMONY WHEREOF, I hereunto set my hand and affix my official seal at the

(SEAL) City of Atlanta the day and year first above written.

[illegible], Notary Public
My Commission Expires Aug. 1, 1965

FILED IN EVIDENCE
EXHIBIT P-7 (Supt.)
DATE March 10, 1972
Julia M. Moore
DEPUTY CLERK

P-7
PARISH OF EVANGELINE
EXHIBIT P-7 (1078)
DATE March 10, 1972
DEPUTY CLERK

CHURCH POINT STATION

Church Point Station is located in the NW/4 of Section 17, Township 7 South, Range 2 East, Arcadia Parish, Louisiana, on an approximate 2.954 acres owned by Colonial Pipeline Company.

The station is a booster station utilizing four (4) single stage centrifugal pumps to handle the products. The pumps are powered by one (1) 2000 HP and three (3) 5000 HP electric motors. The total available horsepower is 17,000.

The pumping equipment is controlled from an aluminum sheet metal control building containing approximately 1974 square feet.

Tankage at Church Point Station consists of two (2) 500 barrel transmix tanks, which are used to hold products during a drain-up of the station piping.

In addition to the transmix tanks, there is one (1) 100 barrel sump tank used for normal operation drainage. Any product received into the heretofore mentioned tanks is pumped back into the main line for further transporting.

Total Investment, 1963	$611,632.00
Total Investment, 1967	$625,063.00
Total Investment, 1971	$845,776.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (2 of 2)
DATE March 10, 1976
Julia M. Marler
DEPUTY CLERK

BATON ROUGE STATION

Baton Rouge Station is located in Section 51, Township 4 South, Range 2 West, East Feliciana Parish, Louisiana, on an approximate 29.86 acres of land owned by Colonial Pipeline Company.

The station is a combination origin, injection, booster, receipt and stub line station utilizing four (4) single stage and one (1) five stage centrifugal pumps to handle the products. The pumps are powered by one (1) 500 HP, one (1) 1250 HP, one (1) 2000 HP, two (2) 5000 HP, one (1) 1500 HP and one (1) 4000 HP electric motors. The total available horsepower is 19,250.

The pumping equipment is controlled from an aluminum sheet metal control building containing approximately 1977 square feet, and the quality of the product is sampled in an aluminum sheet metal sample building containing approximately 127 square feet.

Tankage at this location consists of five (5) 17,000 barrel, two (2) 24,000 barrel, and one (1) 43,000 barrel to receive products from the main line. The products received in this tankage is then pumped through a stub line to Colonial Pipeline Company's Baton Rouge Delivery Facilities. In addition to the receipt tankage, there are also two (2) 500 barrel transmix tanks which are used to hold product during a drain-up of the station piping or a spill, and one (1) 60 barrel and two (2) 100 barrel sump tanks used for normal operational drainage. Product accumulated in the transmix or sump tanks is pumped back into the main line for further transporting.

Also at Baton Rouge is a tank farm serving a second 36" line from Baton Rouge to Atlanta. Fifteen tanks serve this new line sized as listed below:

5	-	120,000 bbl.
2	-	152,000 bbl.
2	-	172,000 bbl.
3	-	218,000 bbl.
2	-	180,000 bbl.
1	-	80,000 bbl.
15	-	2,142,000 bbl.

When Baton Rouge Station is used as an origin or injection station, the products being received into the main line are measured by four (4) 16" turbine meters, which are calibrated with a 75 barrel prover loop.

The product being removed from the main line into receiving tanks at this location also passes through turbine meters, which are used for flow control and volumetrical measurement requirements.

As part of the Baton Rouge Station, Colonial leases a site comprising 0.406 acres in East Baton Rouge Parish, which is a delivery point for Texaco and Gulf products received from Texas refineries. This facility utilizes two (2) 6" positive displacement meters, calibrated with a 20 barrel prover tank, to measure products delivered into tankage owned by others.

The meter controls are located, and the quality of the product is sampled, in a combination aluminum sheet metal control-sample building containing approximately 506 square feet.

The tankage owned by Colonial at this location consists of one (1) 35 barrel sump tank which handles normal operational drainage or is used to hold product, during a drain-up of delivery facility piping or a spill. The product received in the sump tank is pumped into tankage owned by others.

Total Investment, 1963	$1,624,774.00
Total Investment, 1967	$2,230,802.00
Total Investment, 1971	$4,417,130.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (3 of 8)
DATE March 10, 1972
Josie M. Meade
DEPUTY CLERK

WELSH STATION

Welsh Station is located in the NW corner of NW/4 of Section 6, Township 9 South, Range 4 West, Jefferson Davis Parish, Louisiana, on an approximate 3.72 acres of land owned by Colonial Pipeline Comp

The station is a booster station utilizing four (4) single stage centrifugal pumps to handle the products. The pumps are powered by one (1) 2000 HP and three (3) 5000 HP electric motors. The total available horsepower is 17,000.

The pumping equipment is controlled from a masonary building containing approximately 989 square feet.

Tankage at Welsh Station consists of one (1) 625 barrel transmix tank, which is used to hold product during drain-up of the station piping. In addition to the transmix tank, there is one (1) 100 barrel sump tank used for normal operation drainage. Any product received in the heretofore mentioned tanks is pumped back into the main line for further transporting.

Total Investment, 1963	$9,984.00
Total Investment, 1967	$1,120,896.00
Total Investment, 1971	$1,074,898.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (4 of 8)
DATE March 10, 1972
Josie M. Meade
DEPUTY CLERK

FELIXVILLE STATION

Felixville Station is located in Section 58, Township 2 South, Range 3 East, East Feliciana Parish, Louisiana, on an approximate 8.714 acres of land owned by Colonial Pipeline Company.

The station is a booster station utilizing four (4) single stage centrifugal pumps to handle the products. The pumps are powered by one (1) 2000 HP and three (3) 5000 HP electric motors. The total available horsepower is 17,000.

The pumping equipment is controlled from a masonary building containing approximately 989 square feet.

Tankage at Felixville Station consists of one (1) 625 barrel transmix tank, which is used to hold product during drain-up of the station piping. In addition to the transmix tank, there is one (1) 100 barrel sump tank used for normal operation drainage. Any product received in the heretofore mentioned tanks is pumped back into the main line for further transporting.

Total Investment, 1963	$4,741.00
Total Investment, 1967	$1,138,117.00
Total Investment, 1971	$1,140,110.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (5 of 8)
DATE March 14, 1972
Josie M. Poole
DEPUTY CLERK

KROTZ SPRINGS STATION

Krotz Springs Station is located in Section 8, Township 6 South, Range 7 East, St. Landry Parish, Louisiana, on an approximate 5.782 acres of land owned by Colonial Pipeline Company.

The station is a booster station utilizing four (4) single stage centrifugal pumps to handle the products. The pumps are powered by one (1) 2000 HP and three (3) 5000 HP electric motors. The total available horsepower is 17,000.

The pumping equipment is controlled from a masonary building containing approximately 989 square feet.

Tankage at Krotz Springs Station consists of one (1) 625 barrel transmix tank, which is used to hold product during drain-up of the station piping. In addition to the transmix tank, there is one (1) 100 barrel sump tank used for normal operation drainage. Any product received in the heretofore mentioned tanks is pumped back into the main line for further transporting.

Total Investment, 1963	$24,972.00
Total Investment, 1967	$1,239,628.00
Total Investment, 1971	$1,238,633.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (6 of 8)
DATE March 14, 1972
Josie M. Poole

OPELOUSAS DELIVERY FACILITY

Opelousas Delivery Facility is located in Section 142, Township 6 South, Range 4 East, St. Landry Parish, Louisiana, on an approximate 0.225 acres of land owned by Colonial Pipeline Company.

Opelousas Station is a delivery point that utilizes two (2) 8" turbine meters, calibrated with a 36 barrel prover loop to measure the products being delivered into tankage owned by others.

The meter controls are located, and the quality of the product is sampled, in a combination aluminum sheet metal control-sample building. The building contains approximate 506 square feet.

The tankage owned by Colonial at this location consists of one (1) 30 barrel sump tank which handles normal operational drainage or is used to hold product during a drain-up of delivery facility piping or a spill. The product received in the sump tank can either be pumped into tankage owned by others or back into the main line for further transporting.

Total Investment, 1963	$106,903.00
Total Investment, 1967	$112,375.00
Total Investment, 1971	$186,495.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (7 of 8)
DATE March 10, 19
Julia M. Mark
DEPUTY CLERK

LAKE CHARLES STATION

Lake Charles Station is located in SE/4 of SE/4 Section 24, township 10 South, Range 10 West, Calcasieu Parish, Louisiana on an approximate 3.205 acres of land leased from Cities Service Refinery Corporation.

The Station is a combination origin, injection, and booster station utilizing four (4) single stage centrifugal pumps to handle the products. The pumps are powered by one (1) 1250 HP electric motor, two (2) 7000 HP and one (1) 7200 HP gas turbines. The total available horsepower is 22,450.

The pumping equipment is controlled from an aluminum sheet metal control building containing approximately 1977 square feet, and the quality of the product is sampled at an aluminum sheet metal sample building containing approximately 127 square feet.

Tankage at Lake Charles Station consists of two (2) 500 barrel transmix tanks which are used to hold product during a drain-up of the station piping. In addition to the transmix tanks, there is one (1) 100 barrel and one (1) 60 barrel sump tank used for normal operational drainage. Any product received in the heretofore mentioned tanks is pumped back into the main line for further transporting.

When Lake Charles is used as an origin or injection station, the products being received into the main line are measured by four (4) 16" turbine meters, which are calibrated with a 75 barrel prover loop.

In addition to its other designations, Lake Charles Station is a Scraper Trap Station and is used to receive or send scrapers, batch separators, or line cleaning devices.

Total Investment, 1963	$2,519,714.00
Total Investment, 1967	$2,541,596.00
Total Investment, 1971	$3,601,653.00

TEH/grb

February 24, 1972

FILED IN EVIDENCE
EXHIBIT P-7 (8 of 8)
DATE March 10, 1972
Julia M. Mark
DEPUTY CLERK

P-13

COLONIAL PIPELINE COMPANY

Date March 2, 1972

To C.E. Graham

From T.H. Norris

Subject

File:

The following is a list of Colonial employees by location in the State of Louisiana and a description of duties for each classification.

Employee	Classification	Location
G.V. Keith	(1) Operating Supr.	Lake Charles Sta.
J. Arceneaux	(2) Operator A	" " "
C.C. Burnett	" "	" " "
A. Hebert, Jr.	" "	" " "
W.J. Legnion	" "	" " "
G.A. Derouen	(3) Utilityman A	" " "
G.T. Nelson	" "	" " "
L.E. Ezell	" "	" " "
W.R. Bratton	(5) Electrical Tech.	" " "
F.D. Chatagnier	(4) Sr. Operator	Church Pt. Sta. & Opelousas D.F.
J. Carmical	(5) Mechanical Tech.	" " "
T.H. Mills	(5) Electrical Tech.	" " "
R.W. Nash	(1) Operating Supr.	Baton Rouge Sta.
L.N. Jones	(1) Chief Operator	" " "
R.H. Martin	(2) Operator A	" " "
M.J. Carter	" "	" " "
L.C. Hicks	" "	" " "
H.C. Faulk	" "	" " "
M.D. Dugger	(2) Operator B	" " "
A.J. Dupuis	" "	" " "
R.L. Harris	" "	" " "
R.D. Moore	" "	" " "
D.L. Kay	(3) Utilityman A	" " "
D.L. Merritt	" "	" " "
J.R. Wiggins	" "	" " "
J.R. Gunter	" "	" " "
R.G. Sharon	(5) Mechanical Tech.	" " "
C.W. Ritter	(5) Electrical Tech.	" " "
M. Suire	(4) Sr. Operator	Baton Rouge Del. Fac.
H.E. Gay	" "	Welsh Sta. (Jennings)
M.G. Major	" "	Krotz Springs Sta.
J.F. Tipton	" "	Felixville Sta.

FILED IN EVIDENCE
EXHIBIT P-13 (1 of 2)
DATE March 10, 1972
Julia M. Moore
DEPUTY CLERK

C.E. Graham -2- March 2, 1972

Description of duties:

(1) Operating Supervisors and Chief Operators

Supervise employees in the operation and maintenance of a pipeline system engaged in the transportation of refined petroleum products through the State of Louisiana. The system includes 36" & 6" diameter pipelines, pumping stations with pumps powered by electricity or gas turbines used to boost products through the pipelines, delivery facilities for delivering products from the pipelines to shippers and the necessary electrical, electronic and mechanical equipment to operate the system, including remote operations from a central dispatching department at Atlanta, Georgia.

(2) Operators A & B

Operate pumping stations staffed on an 8-hour shift basis, 24 hours a day, 7 days per week. Performs product testing, makes product cuts, gauges tanks, calibrates meters and performs routine facility maintenance.

(3) Utilityman

Provide vacation and other relief for Operators B and minor maintenance of facilities.

(4) Senior Operators

At pumping stations, responsible for operations of automated booster station, including checking and reporting equipment malfunctions. Also performing minor preventative maintenance and repair work. At delivery facilities, responsible for these same duties plus sampling products, making cuts, maintaining quality control, proving meters and preparing run tickets.

(5) Electrical and Mechanical Technicians

Responsible for preventative maintenance and repairs to all electronic, electrical and mechanical equipment in the system.

T.H. Norris

ELC/jyt

FILED IN EVIDENCE
EXHIBIT P-13 (2 of 2)
DATE March 10, 1972
Julia M. Moore
DEPUTY CLERK

New Colonial Pipeline From Texas to New York Hailed at Houston Meet

Pipeline Involves 17,000 Properties

Texas-to-New York Project Reviewed

HOUSTON (AP) — The

DALLAS, Tex. (AP) — It took

Fred J. Collins said about the

Mammoth Pipeline

Nears Completion

COLONIAL HAS MADE NEWS FROM THE START

In New Concept Of Oil Moving

ATLANTA, Ga. (Special)—

HOUSTON, Tex. (AP) —

MIGHTY YARD WIDE

Colonial Pipeline Biggest In World

PITTSBURGH — The

WASHINGTON — The

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FILED IN EVIDENCE
EXHIBIT P-[illegible]
DATE [illegible]
DEPUTY CLERK

FACTS ABOUT COLONIAL PIPELINE

A Yard-Wide Pipe Dream Come True

Colonial is a common carrier, regulated by the Interstate Commerce Commission. Space in the line is available on the same basis to all shippers, and is not limited to use by its stockholder companies. At the present time, Colonial provides a transportation service for twenty-three shippers.

THE YARD-WIDE FACTS

Company organized	March 6, 1962
Groundbreaking	June 20, 1962
Completion of initial construction	February 2, 1965
Capital investment	$538 million
Length of main line	1,991 miles
Length of stub lines	1,534 miles
Number of pump stations	84
Total pumping horsepower	826,075 h.p.
Number of delivery terminals	194
Number of employees	585
Transportation time - Houston to New York	12 days
Main line diameters:	
Houston, Texas, to Greensboro, N.C. (1,048 Miles)	36 inches
Baton Rouge, La., to Atlanta, Ga. (461 Miles)	36 inches
Greensboro to Baltimore Md. (288 Miles)	32 inches
Baltimore to Linden, N.J. (194 Miles)	30 inches

Delivery capacity: more than 1,464,000 barrels every day.

EXPANSION COMES YEARS EARLY

Shipper demand equaled Colonial's initial capacity, enormous though it was, in the first year of operation. This level of demand had not been anticipated for several years. To meet shipper requirements, four major expansion programs were undertaken, with the last to be completed by mid-1972. The cost of these expansion programs amounted to $161 million, nearly half as much as the cost of initial construction. Thirty-four new booster stations have been built and total pumping horsepower was more than doubled. 461 miles of main line and 225 miles of stub lines have been added, and shipping capacity increased 85% from 792,000 barrels a day to 1,464,000 barrels a day. (A barrel equals 42 gallons.)

STOCKHOLDERS

The American Oil Company	Mobil Pipe Line Company
Atlantic Richfield Company	Phillips Investment Company
BP Oil Corporation	Texaco Inc.
Cities Service Company	The Toronto Pipe Line Company
Continental Pipe Line Company	Union Oil Company of California

Colonial is headquartered at 3390 Peachtree Road, N.E., P.O. Box 18855, Atlanta, Georgia 30326. (404-261-1470)

PRESIDENT & CHIEF EXECUTIVE OFFICER	Fred F. Steingraber
VICE PRESIDENT, OPERATIONS	Glenn H. Giles
VICE PRESIDENT AND GENERAL COUNSEL	Jack Vickrey
VICE PRESIDENT, ADMINISTRATION	A. E. "Gene" Wooster

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The Company has two regional offices:

Western Region	6075 Roswell Road, N.E. Atlanta, Ga. 30328 404—252-1100 MANAGER—D. F. Smalley ASSISTANT MANAGER—T. H. Norris
Eastern Region	5001 West Broad Street P.O. Box 8538 Richmond, Va. 23226 703—282-9771 MANAGER—C. M. Brecheisen ASSISTANT MANAGER—W. J. Reid

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P-15

STATE OF LOUISIANA

CORPORATION INCOME AND FRANCHISE TAX RETURN

INCOME TAX RETURN—1969 Or Other Taxable Year	FRANCHISE TAX RETURN—1970 Or Other Taxable Year
BEGINNING ____ 1969	BEGINNING ____ 1970
ENDED ____ 1970	ENDING ____ 1971

POSTED

1. BUSINESS CORP NUMBER: 4060

2. EMPLOYER IDENTIFICATION NUMBER: 58-0863362

NAME: Colonial Pipeline Company

NUMBER AND STREET: 3390 Peachtree Road, N.E.

CITY OR TOWN AND STATE: Atlanta, Georgia — ZIP CODE: 30326

THIS RETURN MUST BE FILED WITH THE COLLECTOR OF REVENUE P. O. BOX 201 BATON ROUGE, LA. 70821

Please Answer Each Question Carefully

A. Date and State of Incorporation: Delaware - June 8, 1961

B. Principal Place of Business: Atlanta, Georgia

C. Principal kind of business (check only one)

- [ ] Air Transportation
- [X] Pipeline Transportation
- [ ] Other Transportation
- [ ] Service Enterprise
- [ ] Loan Business
- [ ] Manufacturing
- [ ] Merchandising and Other

D. Trade Name, If Different From Corporate Name: N/A

E. Did The Internal Revenue Service, During The Current Year Examine Your Federal Income Tax Returns for Any Prior Years? Yes

If So, Please Indicate Years Examined and Amounts of any change in tax liability. No tax liability, if any, has been determined as yet. 1962-1968.

F. Parishes In Which Property Is Located: Schedule #4

G. Did you at the end of the taxable year own directly or indirectly 50% or more of the voting stock of any corporation?
[X] Yes [ ] No

Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50% or more of your voting stock?
[ ] Yes [X] No

If the answer to either question is "Yes," attach a schedule showing name, address and percentage owned. Schedule #6

H. Does This Corporation File as a "Small Business Corporation" for Federal Tax Purposes under IRC Subchapter "S"? No

I. Federal Taxable Income ..... $ 22,797,508

J. Federal Income Tax ..... $ 8,246,764

COMPUTATION OF LOUISIANA INCOME TAX

1. Taxable Net Income (Amount of Schedule E, Line 30 or Schedule P, Line 36, Whichever is Applicable)	$ 1,386,020	
2. Amount of Tax (Line 1 Taxable at 4%)	$ 55,441	
3. ~~Penalty for Return Delinquent~~ LESS ESTIMATED PAYMENT	53,000	
4. Interest (6% Per Annum From Due Date of Return to Date of Payment)	49	
5. Total Income Tax, Penalty and Interest (Lines 2, 3 and 4)		$ 2,490

COMPUTATION OF LOUISIANA CORPORATION FRANCHISE TAX

6. Taxable Capital Stock, Surplus, Undivided Profits and Borrowed Capital (Schedule A, Line 32, Column 3 or Schedule O, Line 2, Whichever is Applicable)	$	
7. Amount of Assessed Value of Real and Personal Property in Louisiana For 1969	$ 7,761,990	
8. Corporation Franchise Tax Liability—(A) Line 6 or 7, Whichever is Greater, Multiplied By $1.50 For Each $1,000.00 or Major Fraction Thereof or (B) The Minimum Tax of $10.00. Enter Amount of (A) or (B), Whichever is Greater		
9. Penalty—If Return is Delinquent (5% Per Each 30 Days or Fraction Thereof, Not to Exceed 25% of Line 8)		
10. Interest (6% Per Annum From Due Date of Return to Date of Payment)		
11. Total Franchise Tax, Penalty and Interest (Lines 8, 9 and 10)		0
12. Total Amount Due (Line 5 Plus Line 11) (Make Remittance Payable to Collector of Revenue, State of Louisiana)		$ 2,490

COLONIAL PIPELINE COMPANY IS ENGAGED EXCLUSIVELY IN INTER STATE COMMERCE AND IS THEREF NOT SUBJECT TO THE LOUISIANA FRANCHISE TAX ON INTERSTATE BUSINESS. HOWEVER, COLONIAL ANNEXES HERETO SCHEDULES SHOWING BASIS FOR COMPUTATION OF THE FRANCHISE TAX IF DUE, LIABILITY THEREFOR BEING DENIED AS AFORESAID.

SIGNATURE AND VERIFICATION

I declare under the penalties for filing false reports that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. If the return is prepared by a person other than the taxpayer, his declaration is based on all the information relating to the matters required to be reported in the return of which he has knowledge.

A. E. Wooster — Vice President — 9-11-70
(SIGNATURE OF OFFICER) (TITLE) (DATE)

(TREASURER OR ASST. TREASURER) — 9-11-70
(DATE)

(INDIVIDUAL OR FIRM SIGNATURE OF PREPARER) (DATE) (ADDRESS)

R 6420

FILED IN EVIDENCE
EXHIBIT P-15 (10-6)
DATE March 10, 1972
Julia M. Meade
DEPUTY CLERK

SCHEDULE A—Balance Sheets and Franchise Taxable Base

ASSETS	1. BEGINNING OF YEAR	2. END OF YEAR	3. END OF YEAR
1. Cash	1,017,388	1,564,293	
2. Notes and Accounts Receivable	12,995,308	13,890,549	
3. Reserve for Bad Debts	( )	( )	
4. Inventories			
5. Investment in U.S. Government Obligations	970,205	2,616,463	
6. Other Current Assets (Attach Schedule)			
7. Loans to Stockholders			
8. Stock and Obligations of Subsidiaries	500	500	
9. Other Investments (Attach Schedule)	12,508,547	17,429,347	
10. Buildings and Other Fixed Depreciable Assets	400,177,454	402,386,207	
11. Accumulated Amortization and Depreciation	(50,346,698)	(60,930,458)	
12. Depletable Assets			
13. Accumulated Depletion	( )	( )	
14. Land	4,672,139	4,785,251	
15. Intangible Assets	2,125,361	1,392,651	
16. Accumulated Amortization	( )	( )	
17. Other Assets (Attach Schedule) #6	1,078,734	1,864,919	
18. Excessive Reserves or Undervalued Assets (Attach Schedule)			
19. Totals (Lines 1 through 18)	385,198,938	384,999,722	
LIABILITIES AND CAPITAL			
20. Accounts Payable	3,364,949	3,258,588	
21. Mortgages, Notes and Bonds Payable (One Year Old or Less at Balance Sheet Date and Having a Maturity of One Year or Less From Original Date Incurred)			
22. Other Current Liabilities (Attach Schedule)	107,219	51,636	
23. Loans From Stockholders			
24. Due to Subsidiaries and Affiliates			
25. Mortgages, Notes & Bonds Payable (More Than One Year Old at Balance Sheet Date or Having a Maturity of More Than One Year From Original Date Incurred)	332,750,000	328,750,000	328,750,000
26. Other Liabilities (Attach Schedule) #6	4,675,217	6,963,205	
27. Capital Stock: (A) Preferred Stock			
(B) Common Stock	36,000,000	36,000,000	36,000,000
28. Paid-in or Capital Surplus			
29. Surplus Reserves (Attach Schedule)			
30. Earned Surplus and Undivided Profits	8,301,553	9,976,293	9,976,293
31. Excessive Reserves or Undervalued Assets			
32. Totals—(Lines 20 through 31) (Enter Amount of Col. 3 on Line 6, Page 1)	385,198,938	384,999,722	374,726,293

TOTAL FRANCHISE TAXABLE BASE (EXTEND TOTAL AMOUNTS IN COLUMN 2 WHICH ARE INCLUDIBLE IN THE FRANCHISE TAXABLE BASE TO THIS COLUMN)

SCHEDULE B—Reconciliation of Income Per Books With Income Per Return

1. Net income per books	26,622,740	7. Income recorded on books this year not included in this return (Itemize) Schedule #5	2,704,642
2. Louisiana income tax	51,653		
3. Excess of capital losses over capital gains			
4. Taxable income not recorded on books this year (Itemize) Schedule #5	2,399,423	8. Deductions in this tax return not charged against book income this year (Itemize)	
5. Expenses recorded on books this year not deducted in this return (Itemize)		Schedule #5	11,912,541
Schedule #5	8,316,792	9. Total of Lines 7 and 8	14,617,183
6. Total of Lines 1 through 5	37,390,608	10. Income (Line 30, Page 3)—(Line 6 Less 9)	22,773,425

SCHEDULE C—Analysis of Earned Surplus and Undivided Profits Per Books (Line 30, Schedule A)

1. Balance at beginning of year	8,301,553	5. Distributions: (a) Cash	24,948,000
2. Net income per books	26,622,740	(b) Stock	
3. Other increases (Itemize)		(c) Property	
		6. Other decreases (Itemize)	
	34,924,293	7. Total of Lines 5 and 6	24,948,000

SCHEDULE D—Analysis of Amounts of Lines 21, 23 & 26, Column 2, Schedule A

1. ORIGINAL DATE OF INCEPTION	2. DATE DUE	3. PAYEE	4. INSTALLMENT AMOUNT	5. BALANCE DUE	6. TAXABLE AMOUNT*
TOTAL (*See Instructions)					

SCHEDULE E—Computation of Louisiana Taxable Income

(Do Not Complete If Schedule P of Form ICFT620A is Filed with this Return)

GROSS INCOME

1. Gross Receipts _____ Less: Returns and Allowances _____	
2. Less: Cost of Goods Sold and/or Cost of Operations (Schedule L)	
3. Gross Profit	
4. Dividends	
5. Interest	
6. Rents	
7. Royalties	
8. Net Gain From Sale of Capital Assets (Schedule F)	
9. Net Gain (Loss) From Sale of Property Other Than Capital Assets (Schedule G)	
10. Other Income (Attach Schedule)	
11. Total Income, Lines 3 Through 10	

DEDUCTIONS

12. Compensation of Officers (Schedule I)	
13. Salaries and Wages (Not Deducted Elsewhere)	
14. Repairs (Do Not Include Cost of Improvements or Capital Expenditures)	
15. Bad Debts (Attach Schedule)	
16. Rent	
17. Taxes (Attach Schedule)	
18. Interest	
19. Contributions or Gifts Paid (Attach Schedule) (See Instructions for Limitations)	
20. Losses by Fire, Storm, Shipwreck, or Other Casualty, or Theft (Attach Schedule)	
21. Amortization (Attach Schedule)	
22. Depreciation (Schedule H)	
23. Depletion (Attach Schedule)	
24. Advertising	
25. (A) Pension, Profit-Sharing, Stock Bonus, Annuity Plans (See Instructions)	
(B) Other Employee Benefit Plans (See Instructions)	
26. Dividends From Corporate Income Which Has Borne Louisiana Income Tax (Attach Schedule)	
27. Federal Income Tax (Schedule J)	
28. Other Deductions (Attach Schedule)	
29. Total Deductions, Lines 12 through 28	
30. Net Income—Line 11 Less Line 29—Enter on Line 1, Page 1	

NOTE: For Periods Beginning After December 31, 1968 the Corporate Exemption is No Longer Allowed.

SCHEDULE F—Gain or Loss From Sale of Capital Assets

1. DESCRIPTION OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD	4. GROSS SALE PRICE	5. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR JAN. 1, 1934 (ATTACH SCHEDULE)	6. COST OR OTHER BASIS AND COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR JAN. 1, 1934	7. EXPENSE OF SALE	8. GAIN OR LOSS (COL. 4 PLUS COL. 5 LESS THE SUM OF COL. 6 & 7)
Land	1963-64	1969	11,552		9,292		2,260
TOTAL (Transfer Net Gain to Item 8 Sch. E)							2,260

SCHEDULE G—Gain or Loss From Sale of Property Other Than Capital Assets

TOTAL (Transfer Net Gain or Loss to Item 9 Sch. E)							

SCHEDULE H—Depreciation

1. KIND OF PROPERTY (IF BUILDINGS, STATE MATERIAL OF WHICH CONSTRUCTED; EXCLUDE LAND AND OTHER NONDEPRECIABLE PROPERTY. LIST ASSETS IN GROUPS BY DEPRECIATION METHOD.	2. DATE ACQUIRED	3. COST OR OTHER BASIS (EXCLUDE LAND)	4. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS	5. METHOD OF COMPUTATION	6. RATE (%) OR LIFE (YEARS)	7. DEPRECIATION THIS YEAR
Furniture & Fixtures	Various	1,883,819	857,091	DB	10	203,372
Right of Way	Various	9,228,337	1,960,752	SL	22	419,031
Pipelines	Various	370,588,164	127,190,742	DB	22	22,025,236
Communication Equipment	Various	240,251	101,822	DB	10	24,822
Vehicles & other Work Equip.	Various	1,001,787	696,979	DB	7	113,822

1. Total	22,786,283
2. Less: Depreciation claimed in Cost of Goods Sold and Elsewhere on Return	
3. Balance—Enter Here And on Line 22, Schedule E	22,786,283

SCHEDULE I—Compensation of Officers

1. NAME & ADDRESS OF OFFICER NOTE: THE NAME AND ADDRESS OF THE PRESIDENT, VICE-PRESIDENT, SECRETARY, AND TREASURER MUST BE GIVEN EVEN THOUGH NO PAYMENTS WERE MADE TO THEM	2. OFFICIAL TITLE	3. TIME DEVOTED TO BUSINESS	% OF CORP STOCK OWNED 4. COM.	5. PREF.	6. AMOUNT OF COMPENSATION	7. EXPENSE ACCOUNT ALLOWANCES
		100%	None	None	Available on Audit	
TOTAL COMPENSATION OF OFFICERS (Enter Here and on Line 12, Schedule E)					289,794	

SCHEDULE J—Explanation of Federal Income Tax Deduction*

1. Total Net Income Reported for Federal Income Tax Purposes (See Instructions)	
2. Federal Income Tax Liability for Period for Which This Return is Filed (Net after investment credit of $_____)	
3. Less Portion, if Any, of Federal Income Tax Liability Attributable to Federal Net Income Not Taxable to Louisiana	
4. Balance (Line 2 Less Line 3)	
5. Deductible Deficiency Payments—Year to Which Applicable_____ Date Paid_____	
6. Total of Lines 4 and 5 (Enter as Item 27, Schedule E)	

SCHEDULE K—Reconciliation of Federal & Louisiana Net Income*

1. Total Net Income Reported on Federal Return	
2. Add: Deductions Claimed on Federal Return But Not on Louisiana Return or Income Reported on Louisiana Return But Not on Federal Return:	
(1) Louisiana Income Tax	
(2)	
(3)	
Deduct: Deductions Claimed on Louisiana Return But Not on Federal Return or Income Reported on Federal Return But Not on Louisiana Return:	
(1) Federal Income Tax	
(2)	
(3)	
3. Louisiana Net Income	

SCHEDULE L—Cost of Goods Sold

1. Inventory at Beginning of Year	
2. Merchandise Bought For Manufacture or Sale	
3. Salaries And Wages	
4. Other Costs Per Books (Attach Schedule)	
5. Total	
6. Less: Inventory at End of Year	
7. Cost of Goods Sold (Enter Here and on Line 2, Schedule E)	

A. Was inventory valued at—Cost ☐; lower of cost or market ☐ LIFO ☐; other ☐? If other, attach explanation.

B. Was the inventory verified by physical count during the year? Yes ☐ No ☐. If "No," attach explanation of how the closing inventory was determined.

Schedule Annexed as per Note on Page #1

Page 1

STATE OF LOUISIANA—CORPORATION APPORTIONMENT AND ALLOCATION SCHEDULES

Name as Shown on ICF 1620
Colonial Pipeline Company

Income Tax Period Covered
January 1, 1969 thru December 31, 19

SCHEDULE M—Computation of Corporation Franchise Tax and Income Tax Property Ratios

1. Items	Located Everywhere		Located in Louisiana		
			Franchise Tax Property Factor	Income Tax Property Factor	
Intangible Assets	2. Beginning of Year	3. End of Year	4. End of Year	5. Beginning of Year	6. End of Year
1. Cash	1,017,388	1,564,293			
2. Notes and Accounts Receivable	12,995,308	13,890,549	2,156,536		
3. Reserve for Bad Debts	( )	( )	( )		
4. Investment in U.S. Govt. Obligations	970,205	2,616,463			
5. Stock and Obligations of Subsidiaries	500	500			
6. Other Investments (Attach Sch.)	12,508,547	17,429,347			
7. Loans to Stockholders					
8. Other Intangible Assets (Attach Sch.)	2,125,361	1,392,651			
9. Accumulated Depreciation	( )	( )	( )		
10. Total Intangible Assets (Lines 1—9)	29,617,309	36,893,803	2,156,536		
Real and Tangible Assets					
11. Inventories Materials & Supplies	399,859	535,792	66,071	47,738	66,071
12. Bldgs. and Other Depreciable Assets	400,177,454	402,386,207	40,013,994	40,050,074	40,013,994
13. Accumulated Depreciation	(50,346,698)	(60,930,458)	(6,119,677)	(5,080,874)	(6,119,677)
14. Depletable Assets					
15. Accumulated Depletion	( )	( )	( )	( )	( )
16. Land	4,672,139	4,785,251	179,050	172,666	179,050
17. Other Real & Tangible Assets (Att. Sch.) Work in Progress	678,875	1,329,127	98,537	69,210	98,537
18. Excessive Reserves, Undervalued Assets, or Assets Not Reflected on Bks.					
19. Total Real and Tangible Assets (Lines 11 Through 18)	355,581,629	348,105,919	34,237,975	35,258,814	34,237,975
20. Total Assets (Lines 10 and 19)	385,198,938	384,999,722	36,394,511		
21. Enter Amount From Line 19 Above	355,581,629	348,105,919		35,258,814	34,237,975
22. Less: Real and Tangible Assets Not Used in Production of Net Apportionable Income (Attach Schedule) V3.	1,131,854	1,772,120		69,210	98,537
23. Balance	354,449,775	346,333,799		35,189,604	34,139,438
24. Add Beginning of Year Balance		354,449,775			35,189,604
25. Total (Lines 23 and 24)		700,783,574			69,329,042
26. Franchise Tax Property Factor Ratio (Line 20, Col. 4 ÷ Line 20, Col. 3)			9.4531 %		
27. Income Tax Property Factor Ratio (Line 25, Col. 6 ÷ Line 25, Col. 5)					9.8931 %

SCHEDULE N—Computation of Corporation Franchise Tax Apportionment Percentage

1. Description of Items Used as Factors	2. Total Amount	3. Louisiana Amount	4. Per Cent (Col. 3 ÷ Col. 2)
1. Net Sales of Merchandise, Charges for Services and Other Revenues			
(A) Sales—See Instructions			
(B) Charges for services—See Instructions	100,912,206	15,666,822	
(C) Other Revenues: Itemize (See Instructions) (1) Rents and Royalties	6,060		
(2) Dividends and Interest From Subsidiaries			
(3) Other Dividends and Interest	1,489,925		
(4) Other	65,901		
Total—Enter Amounts in Columns 2 and 3 (Enter Ratio in Column 4)	102,474,092	15,666,822	15.2886 %
2. Franchise Tax Property Ratio (Enter in Column 4 Percent From Line 26, Schedule M)			9.4531 %
3. Total of Percents in Column 4			24.7417 %
4. Average of Percents (Line 3 divided by applicable number of factors) (Use in Apportioning total taxable base on Line 1, Schedule O)			12.3709 %

SCHEDULE O—Computation of Louisiana Corporation Franchise Taxable Base

1. Total Capital Stock, Surplus, Undivided Profits and Borrowed Capital (Sch. A, Ln. 32, Col. 3)	374,726,293	
2. Capital Stock, Surplus, Undivided Profits and Borrowed Capital Employed in Louisiana ($ 374,726,293 (Line 1) Multiplied by 12.3709 %) From Schedule N, Line 4, Column 4) (Enter on Line 6, Page 1)		46,357,015

R 6450

Page 2

SCHEDULE P—Computation of Louisiana Net Income

Complete Columns 2 and 3 if Separate Accounting Method is Used.

1. ITEMS	2. LA. AMOUNTS (LINES 1 THROUGH 29)	3. TOTALS
1. GROSS RECEIPTS 100,912,206 LESS RETURNS AND ALLOWANCES		100,912,206
2. LESS: COST OF GOODS SOLD (SCHEDULE L) AND/OR OPERATIONS (ATTACH SCHEDULE) #1		30,892,685
3. GROSS PROFIT		70,019,521
4. DIVIDENDS		
5. INTEREST		1,408,069
6. GROSS RENTS		6,060
7. GROSS ROYALTIES		
8. NET GAINS FROM SALE OF CAPITAL ASSETS (SCHEDULE F)		2,260
9. NET GAINS (LOSS) FROM SALE OF PROPERTY OTHER THAN CAPITAL ASSETS (SCHEDULE G)		
10. OTHER INCOME (ATTACH SCHEDULE) Incidental		63,641
11. TOTAL INCOME (LINES 3 THROUGH 10)		71,499,551
12. COMPENSATION OF OFFICERS (SCHEDULE I)		289,794
13. SALARIES AND WAGES (NOT DEDUCTED ELSEWHERE)		1,737,916
14. REPAIRS (DO NOT INCLUDE COST OF IMPROVEMENTS OR CAPITAL EXPENDITURES)		
15. BAD DEBTS (ATTACH SCHEDULE)		
16. RENTS		702,668
17. TAXES (ATTACH SCHEDULE) #1		5,138,988
18. INTEREST		16,970,574
19. CONTRIBUTIONS OR GIFTS PAID (ATTACH SCHEDULE) #2		5,282
20. LOSSES BY FIRE, STORM, SHIPWRECK, OR OTHER CASUALTY, OR THEFT (ATTACH SCH.) #1		52,214
21. AMORTIZATION (ATTACH SCHEDULE) #1		28,633
22. DEPRECIATION (SCHEDULE H)		22,786,283
23. DEPLETION (ATTACH SCHEDULE)		
24. ADVERTISING		
25. DIVIDENDS FROM CORPORATE INCOME WHICH HAS BORNE LOUISIANA INCOME TAX		
26. OTHER DEDUCTIONS (ATTACH SCHEDULE) #1		1,013,774
27. TOTAL DEDUCTIONS (LINES 12 THROUGH 26)		48,726,126
28. NET INCOME FROM LOUISIANA SOURCES (IF SEPARATE (DIRECT) METHOD OF REPORTING IS USED, ENTER HERE AND ON LINE 34)		
29. NET INCOME FROM ALL SOURCES		22,773,425
30. LESS: ALLOCABLE INCOME FROM ALL SOURCES (SEE INSTRUCTIONS) ATTACH SCHEDULE SUPPORTING EACH AMOUNT ENTERED ON LINES (A), (B) AND (C) BELOW AND LINES 33 (A), (B) and (C)		
(A) NET RENTS AND ROYALTIES #3	(4,491)	
(B) NET PROFIT FROM SALES OR EXCHANGES OF PROPERTY (INCLUDING SUCH ITEMS AS STOCKS, BONDS, LAND, MACHINERY, MINERAL RIGHTS) NOT MADE IN THE REGULAR COURSE OF BUSINESS	2,260	
(C) OTHER NET ALLOCABLE INCOME Schedule #7	645,307	643,076
31. BALANCE—NET INCOME SUBJECT TO APPORTIONMENT		22,130,349
32. NET INCOME APPORTIONED TO LOUISIANA (LINE 31 MULTIPLIED BY % FROM LINE 5, SCHEDULE Q)		2,168,287
33. ADD: ALLOCABLE INCOME FROM LOUISIANA SOURCES		
(A) NET RENTS AND ROYALTIES	400	
(B) NET PROFIT FROM SALES OR EXCHANGES OF PROPERTY (INCLUDING SUCH ITEMS AS STOCKS, BONDS, LAND, MACHINERY, MINERAL RIGHTS) NOT MADE IN THE REGULAR COURSE OF BUSINESS		
(C) OTHER NET ALLOCABLE INCOME		400
ADD: INCOME TAXES PAID, FEDERAL INCOME TAX DEDUCTION		2,168,687

P-16

STATE OF LOUISIANA

CORPORATION INCOME AND FRANCHISE TAX RETURN

INCOME TAX RETURN—1970 Or Other Taxable Year

For Calendar Year 1970, or

For Fiscal Year Beginning _____, 1970 and Ending _____, 1971

FRANCHISE TAX RETURN—1971 Or Other Taxable Year

Beginning _____, 1971 and Ending _____, 1972

FILED IN EVIDENCE

EXHIBIT P-16

DATE March 10, 1972

Josie M. Mayer
DEPUTY CLERK

FILE NO. _____

POSTED _____

1. BUSINESS CODE NUMBER: 4060

2. FEDERAL EMPLOYER IDENTIFICATION NUMBER: 58-0863362

3. LOUISIANA SALES TAX REGISTRATION NUMBER: _____

4. ENTER TOTAL SALES FROM LINE 1, SCHEDULE E OR COL. 3 LINE 1, SCHEDULE G: _____

Name: COLONIAL PIPELINE COMPANY

Number and Street: 3390 Peachtree Road, N.E.

City, Town and State: Atlanta, Georgia

ZIP Code: 30326

Please Answer Each Question Carefully

A. Date and State of Incorporation: Delaware - June 8, 1961

B. Principal Place of Business: Atlanta, Georgia

C. Principal kind of business (check only one)

- [ ] Air Transportation
- [X] Pipeline Transportation
- [ ] Other Transportation
- [ ] Service Enterprise
- [ ] Loan Business
- [ ] Manufacturing
- [ ] Merchandising and Other

D. Trade Name, if Different From Corporate Name: _____

E. Did The Internal Revenue Service, During The Current Year Examine Your Federal Income Tax Returns for Any Prior Years? Yes

If So, Please Indicate Years Examined and Amounts of any change in Tax Liability: No tax liability, if any, has been determined as yet 1962-1968

F. Parishes In Which Property Is Located: See Schedule #4

G. Did you at the end of the taxable year own directly or indirectly 50% or more of the voting stock of any corporation?
[X] Yes [ ] No

Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50% or more of your voting stock?
[ ] Yes [X] No

If the answer to either question is "Yes," attach a schedule showing name, address and percentage owned. Schedule #6

H. Does This Corporation File as a "Small Business Corporation" for Federal Tax Purposes under IRC Subchapter "S"? No

I. Federal Taxable Income ..... $ 26,283,347

J. Federal Income Tax ..... $ 9,260,683

COMPUTATION OF LOUISIANA INCOME TAX

1	Taxable Net Income (Amount of Schedule E, Line 30 or Schedule P, Line 34, whichever is Applicable)	$ 2,154,763	
2	Amount of Tax (Line 1 Taxable at 4%)	$ 100,591	
3	LESS: Estimated Payment	(100,000)	
		30	
4	Interest (1%, Per Month From Due Date of Return to Date of Payment)		
5	Total Income Tax, Penalty and Interest (Lines 2, 3 and 4)		$ 621

COMPUTATION OF LOUISIANA CORPORATION FRANCHISE TAX

6	Taxable Capital Stock, Surplus, Undivided Profits and Borrowed Capital Schedule A, Line 33, Column 3 or Schedule O, Line 2, Whichever is Applicable)	$	COLONIAL PIPELINE COMPANY IS ENGAGED EXCLUSIVELY IN INTERSTATE COMMERCE AND IS THEREFOR NOT SUBJECT TO THE LOUISIANA FRANCHISE TAX.
7	Amount of Assessed Value of Real and Personal Property in Louisiana For 1970	$	
8	Corporation Franchise Tax Liability—(A) Line 6 or 7, Whichever is Greater, Multiplied By $1.50 For Each $1,000.00 or Major Fraction Thereof or (B) The Minimum Tax of $10.00. Enter Amount of (A) or (B), Whichever is Greater	$	
9	If Franchise Return is Delinquent (5% For Each 30 Days or Fraction Thereof Not to Exceed 25% of Line 8)		
10	Interest (1%, Per Month From Due Date of Return to Date of Payment)		
11	Total Franchise Tax, Penalty and Interest (Lines 8, 9 and 10)		
12	Total Amount Due (Line 5 Plus Line 11) Make Remittance Payable to: Collector of Revenue, State of Louisiana		$ 621

SIGNATURE AND VERIFICATION

I declare under the penalties for filing false reports that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. If the return is prepared by a person other than the taxpayer, his declaration is based on all information relating to the matters required to be reported in the return of which he has knowledge.

A. E. Wooster — Vice President — 9/2/71
(SIGNATURE OF OFFICER) (TITLE) (DATE)

(STOCKHOLDER OR TAXPAYER) — 9/2/71 (DATE)

(INDIVIDUAL OR FIRM SIGNATURE OF PREPARER) (DATE) (ADDRESS)

SCHEDULE A—Balance Sheets and Franchise Taxable Data

ASSETS	1 BEGINNING OF YEAR	2 END OF YEAR	3 END OF YEAR
1 Cash	1,564,293	2,152,577	
2 Notes and Accounts Receivable	13,890,549	12,877,911	
3 Reserve for Bad Debts	( )	( )	
4 Inventories			
5 Investment in U.S. Government Obligations	2,616,463	-	
6 Other Current Assets (Attach Schedule)			
7 Loans to Stockholders			
8 Stock and Obligations of Subsidiaries	500	500	
9 Other Investments (Attach Schedule)	17,429,347	4,779,255	
10 Buildings and Other Fixed Depreciable Assets	402,386,207	405,729,151	
11 Accumulated Amortization and Depreciation	(60,930,458)	(71,791,749)	
12 Depletable Assets			
13 Accumulated Depletion	( )	( )	
14 Land	4,785,251	4,830,188	
15 Intangible Assets	1,392,651	1,687,710	
16 Accumulated Amortization	( )	( )	
17 Other Assets (Attach Schedule) Schedule #6	1,864,919	3,727,121	TOTAL FRANCHISE TAXABLE BASE (EXTEND TOTAL AMOUNTS IN COLUMN 2 WHICH ARE INCLUDIBLE IN THE FRANCHISE TAXABLE BASE TO THIS COLUMN)
18 Excessive Reserves or Undervalued Assets (Attach Schedule)			
19 Totals (Lines 1 through 18)	384,999,722	363,992,664	
LIABILITIES AND CAPITAL			
20 Accounts Payable	3,258,588	3,313,020	
21 Mortgages, Notes and Bonds Payable (One Year Old or Less at Balance Sheet Date and Having a Maturity of One Year or Less From Original Date Incurred)			See Note Page #1
22 Other Current Liabilities (Attach Schedule)	51,636	74,193	
23 Loans From Stockholders			
24 Due to Subsidiaries and Affiliates			
25 Mortgages, Notes & Bonds Payable (More Than One Year Old at Balance Sheet Date or Having a Maturity of More Than One Year From Original Date Incurred)	328,750,000	313,250,000	313,250,000
26 Other Liabilities (Attach Schedule) Schedule #6	6,963,205	8,804,222	2,988,000
27 Capital Stock: (A) Preferred Stock			
(B) Common Stock	36,000,000	36,000,000	36,000,000
28 Paid-in or Capital Surplus			
29 Surplus Reserves (Attach Schedule)			
30 Earned Surplus and Undivided Profits	9,976,293	2,553,229	2,553,229
31 Excessive Reserves or Undervalued Assets			
32 Totals—(Lines 20 through 31) (Enter Amount of Col. 3 on Line 6, Page 1)	384,999,722	363,992,664	354,791,229

SCHEDULE B—Reconciliation of Income Per Books With Income Per Return

1. Net income per books	27,072,856	7. Income recorded on books this year not included in this return (Itemize)	
2. Louisiana income tax	101,441	Schedule #5	2,650,192
3. Excess of capital losses over capital gains			
4. Taxable income not recorded on books this year (Itemize) Schedule #5	2,622,557	8. Deductions in this tax return not charged against book income this year (Itemize)	
		Schedule #5	10,383,236
5. Expenses recorded on books this year not deducted in this return (Itemize)			
Schedule #5	9,469,272	9. Total of Lines 7 and 8	13,033,428
6. Total of Lines 1 through 5	39,266,126	10. Income (Line 30, Page 3)—(Line 6 Less 9)	26,232,698

SCHEDULE C—Analysis of Earned Surplus and Undivided Profits Per Books (Line 30, Schedule A)

1. Balance at beginning of year	9,976,293	5. Distributions: (a) Cash	31,507,920
2. Net income per books	27,072,856	(b) Stock	
3. Other increases (Itemize)		(c) Property	
		6. Other decreases (Itemize) Dividends Payable	2,988,000
		7. Total of Lines 5 and 6	34,495,920
4. Total Lines 1, 2 and 3	37,049,149	8. Balance at end of year (Line 4 Less 7)	2,553,229

SCHEDULE F—Gain or Loss From Sale of Capital Assets

1. DESCRIPTION OF PROPERTY	2. DATE ACQUIRED	3. DATE SOLD	4. GROSS SALE PRICE	5. DEPRECIATION ALLOWED (OR ALLOWABLE) SINCE ACQUISITION OR JAN. 1, 1934 (ATTACH SCHEDULE)	6. COST OR OTHER BASIS AND COST OF IMPROVEMENTS SUBSEQUENT TO ACQUISITION OR JAN. 1, 1934	7. EXPENSE OF SALE	8. GAIN OR LOSS (COL. 4 PLUS COL. 5 LESS THE SUM OF COL. 6 & 7)
Land	1963	1970	500		164		336
Land	1964	1970	16,709		12,267		4,442
TOTAL (Transfer Net Gain to Item 8 Sch. E)							4,778

SCHEDULE G—Gain or Loss From Sale of Property Other Than Capital Assets

TOTAL (Transfer Net Gain or Loss to Item 9 Sch. E)							

SCHEDULE H—Depreciation

1. KIND OF PROPERTY (IF BUILDINGS, STATE MATERIAL OF WHICH CONSTRUCTED) EXCLUDE LAND AND OTHER NONDEPRECIABLE PROPERTY. LIST ASSETS IN GROUPS BY DEPRECIATION METHOD.	2. DATE ACQUIRED	3. COST OR OTHER BASIS (EXCLUDE LAND)	4. DEPRECIATION ALLOWED (OR ALLOWABLE) IN PRIOR YEARS	5. METHOD OF COMPUTATION	6. RATE (%) OR LIFE (YEARS)	7. DEPRECIATION THIS YEAR
Furniture & Fixtures	various	1,944,126	1,030,058	DB	10	178,675
Right of Way	various	9,337,962	2,379,153	SL	22	419,647
Pipeline	various	373,650,548	148,190,851	DB	22	20,272,692
Communication Equipment	various	255,740	123,302	DB	10	24,622
Vehicles & Other Work Eqpt.	various	1,103,791	652,055	DB	7	110,042
1. Total						21,005,678
2. Less: Depreciation claimed in Cost of Goods Sold and Elsewhere on Return						
3. Balance—Enter Here And on Line 22, Schedule E						21,005,678

SCHEDULE I—Compensation of Officers

1. NAME & ADDRESS OF OFFICER NOTE: THE NAME AND ADDRESS OF THE PRESIDENT, VICE-PRESIDENT, SECRETARY, AND TREASURER MUST BE GIVEN EVEN THOUGH NO PAYMENTS WERE MADE TO THEM	2. OFFICIAL TITLE	3. TIME DEVOTED TO BUSINESS	% OF CORP. STOCK OWNED 4. COM.	% OF CORP. STOCK OWNED 5. PREF.	6. AMOUNT OF COMPENSATION	7. EXPENSE ACCOUNT ALLOWANCES
		100	None	None	302,854	
THIS INFORMATION WILL BE FURNISHED ON AUDIT.						
TOTAL COMPENSATION OF OFFICERS (Enter Here and on Line 12, Schedule E)					302,854	

SCHEDULE J—BAD DEBTS—RESERVE METHOD (See instruction 15)

1. YEAR	2. TRADE NOTES ACCOUNT RECEIVABLE OUTSTANDING AT END OF YEAR	3. SALES ON ACCOUNT	AMOUNT ADDED TO RESERVE 4. CURRENT YEAR'S PROVISION	AMOUNT ADDED TO RESERVE 5. RECOVERIES	6. AMOUNT CHARGED AGAINST RESERVE	7. RESERVE FOR BAD DEBTS AT END OF YEAR
1965						
1966						
1967						
1968						
1969						
1970						

SCHEDULE K—Reconciliation of Federal and Louisiana Net Income*

1. Total Net Income Reported on Federal Return	
2. Add: Deductions Claimed on Federal Return But Not on Louisiana Return or Income Reported on Louisiana Return But Not on Federal Return:	
(1) Louisiana Income Tax	
(2)	
(3)	
Deduct: Deductions Claimed on Louisiana Return But Not on Federal Return or Income Reported on Federal Return But Not on Louisiana Return:	
(1)	
(2)	
(3)	
* Income [illegible]	

* [illegible] of Form SCI 7470A is Filed with the Return.

SCHEDULE L—Cost of Goods Sold

1. Inventory at Beginning of Year	
2. Merchandise Bought For Manufacture or Sale	
3. Salaries And Wages	
4. Other Costs Per Books (Attach Schedule)	
5. Total	
6. Less: Inventory at End of Year	
7. Cost of Goods Sold (Enter Here and on Line 2, Schedule E)	

A. Was inventory valued at—Cost ☐; lower of cost or market ☐ LIFO ☐, other ☐? If other, attach explanation.

B. Was the inventory verified by physical count during the year? Yes ☐ No ☐. If "No," attach explanation of how the closing inventory was determined

STATE OF LOUISIANA CORPORATION APPORTIONMENT AND ALLOCATION SCHEDULE

COLONIAL PIPELINE COMPANY

January 1, 1970 through December 31, 1970

SCHEDULE M—Computation of Corporation Franchise Tax and Income Tax Property Ratios

1. ITEMS INTANGIBLE ASSETS	LOCATED EVERYWHERE		LOCATED IN LOUISIANA		
			FRANCHISE TAX PROPERTY FACTOR	INCOME TAX PROPERTY FACTOR	
	2. BEGINNING OF YEAR	3. END OF YEAR	4. END OF YEAR	5. BEGINNING OF YEAR	6. END OF YEAR
1 CASH	1,564,293	2,152,577			
2 NOTES AND ACCOUNTS RECEIVABLE	13,890,549	12,877,911	1,978,266		
3 RESERVE FOR BAD DEBTS	( )	( )	( )		
4 INVESTMENT IN U.S. GOVT. OBLIGATIONS	2,616,463				
5 STOCK AND OBLIGATIONS OF SUBSIDIARIES	500	500			
6 OTHER INVESTMENTS (Attach Sch.)	17,429,347	4,779,255			
7 LOANS TO STOCKHOLDERS					
8 OTHER INTANGIBLE ASSETS (Attach Sch.) #3	1,392,651	1,687,710			
9 ACCUMULATED DEPRECIATION	( )	( )	( )		
10 TOTAL INTANGIBLE ASSETS (Lines 1—9)	36,893,803	21,497,953	1,978,266		
REAL AND TANGIBLE ASSETS					
11 INVENTORIES Materials & Supplies	535,792	529,851	83,432	66,071	83,432
12 BLDGS. AND OTHER DEPRECIABLE ASSETS	402,386,207	405,729,151	40,318,410	40,013,994	40,318,410
13 ACCUMULATED DEPRECIATION	(60,930,458)	(71,791,749)	(7,218,293)	(6,119,677)	(7,218,293)
14 DEPLETABLE ASSETS					
15 ACCUMULATED DEPLETION	( )	( )	( )	( )	( )
16 LAND	4,785,251	4,830,188	179,050	179,050	179,050
17 OTHER REAL & TANGIBLE ASSETS (Att. Sch.) Construction Wk. in Progress	1,329,127	3,197,220	22,264	98,537	22,264
18 EXCESSIVE RESERVES, UNDERVALUED ASSETS OR ASSETS NOT REFLECTED ON BKS.					
19 TOTAL REAL AND TANGIBLE ASSETS (Lines 11 through 18)	348,105,919	342,494,711	33,384,863	34,237,975	33,384,863
20 TOTAL ASSETS (Lines 10 and 19)	384,999,722	363,992,664	35,363,129		
21 ENTER AMOUNT FROM LINE 19 ABOVE	348,105,919	342,494,711		34,237,975	33,384,863
22 IF REAL AND TANGIBLE ASSETS NOT USED IN PRODUCTION OF NET APPORTIONABLE INCOME (Attach Schedule)	1,772,120	3,623,215		98,537	22,264
23 BALANCE	346,333,799	338,871,496		34,139,438	33,362,599
24 ADD BEGINNING OF YEAR BALANCE		346,333,799			34,139,438
25 TOTAL (Lines 23 and 24)		685,205,295			67,502,037
26 FRANCHISE TAX PROPERTY FACTOR RATIO (Line 20, Col. 4 ÷ Line 20, Col. 3)			9.7153 %		
27 INCOME TAX PROPERTY FACTOR RATIO (Line 25, Col. 6 ÷ Line 25, Col. 3)					9.8513 %

SCHEDULE N—Computation of Corporation Franchise Tax Apportionment Percentage

1 DESCRIPTION OF ITEMS USED AS FACTORS	2. TOTAL AMOUNT	3. LOUISIANA AMOUNT	4 PER CENT (col. 3 ÷ col. 2)
1. Net Sales of Merchandise, Charges for Services and Other Revenues			
(A) Sales—See Instructions	SEE NOTE PAGE #1		
(B) Charges for services—See Instructions	102,998,646	15,822,343	
(C) Other Revenues: Itemize (See Instructions) (1) Rents and Royalties	6,707		
(2) Dividends and Interest From Subsidiaries			
(3) Other Dividends and Interest	1,236,706		
(4) Other	(2,295)		
Total—Enter Amounts in Columns 2 and 3 (Enter Ratio in Column 4)	104,239,764	15,822,343	15.1787 %
2. Franchise Tax Property Ratio (Enter in Column 4 Percent From Line 26, Schedule M)			9.7153 %
3. Total of Percents in Column 4			24.8940 %
4. Average of Percents (Line 3 divided by applicable number of factors) (Use in Apportioning total taxable base on Line 1, Schedule O)			12.4470 %

SCHEDULE O—Computation of Louisiana Corporation Franchise Taxable Base

1. Total Capital Stock, Surplus, Undivided Profits and Borrowed Capital (Sch. A, Ln. 32, Col. 3)	354,791,229	
2. Capital Stock, Surplus, Undivided Profits and Borrowed Capital Employed in Louisiana 354,791,229 (Line 1) Multiplied by 12.4470 % From Schedule N, Line 4 Column 4) Enter on Line 6, Page 1)	SEE NOTE PAGE #1	44,160,864

1. ITEMS	2. LA AMOUNTS	3. TOTALS
1 GROSS RECEIPTS LESS RETURNS AND ALLOWANCES #1		102,998,[illegible]
2 LESS COST OF GOODS SOLD (SCHEDULE L) AND/OR OPERATIONS (ATTACH SCHEDULE)		30,744,[illegible]
3 GROSS PROFIT		72,254,137
4 DIVIDENDS		1,077,890
5 INTEREST		6,707
6 GROSS RENTS		
7 GROSS ROYALTIES		
8 NET GAINS FROM SALE OF CAPITAL ASSETS (SCHEDULE F)		4,778
9 NET GAINS (LOSS) FROM SALE OF PROPERTY OTHER THAN CAPITAL ASSETS (SCHEDULE G)		
10 OTHER INCOME (ATTACH SCHEDULE) (Misc. Income)		(7,073)
11. TOTAL INCOME (LINES 3 THROUGH 10)		73,336,439
12. COMPENSATION OF OFFICERS (SCHEDULE I)		302,854
13. SALARIES AND WAGES (NOT DEDUCTED ELSEWHERE)		1,706,703
14. REPAIRS (DO NOT INCLUDE COST OF IMPROVEMENTS OR CAPITAL EXPENDITURES)		
15. BAD DEBTS (ATTACH SCHEDULE)		703,217
16. RENTS		5,708,775
17. TAXES (ATTACH SCHEDULE) Schedule #1		16,474,337
18. INTEREST		13,130
19. CONTRIBUTIONS OR GIFTS PAID (ATTACH SCHEDULE) Schedule #2		
20. LOSSES BY FIRE, STORM, SHIPWRECK, OR OTHER CASUALTY, OR THEFT (ATTACH SCH.)		44,000
21. AMORTIZATION (ATTACH SCHEDULE) Schedule #1		21,005,678
22. DEPRECIATION (SCHEDULE H)		
23. DEPLETION (ATTACH SCHEDULE)		
24. ADVERTISING		
25. DIVIDENDS FROM CORPORATE INCOME WHICH HAS BORNE LOUISIANA INCOME TAX Schedule #1		1,145,042
26. OTHER DEDUCTIONS (ATTACH SCHEDULE)		47,103,741
27. TOTAL DEDUCTIONS (LINES 12 THROUGH 26)		
28. NET INCOME FROM LOUISIANA SOURCES (IF SEPARATE (DIRECT) METHOD OF REPORTING IS USED, ENTER HERE AND ON LINE 34)		26,232,698
29. NET INCOME FROM ALL SOURCES		
30. LESS: ALLOCABLE INCOME FROM ALL SOURCES (SEE INSTRUCTIONS) ATTACH SCHEDULE SUPPORTING EACH AMOUNT ENTERED ON LINES (A), (B) AND (C) BELOW AND LINES 33 (A), (B) and (C)		
(A) NET RENTS AND ROYALTIES Schedule #1	(2,939)	
(B) NET PROFIT FROM SALES OR EXCHANGES OF PROPERTY (INCLUDING SUCH ITEMS AS STOCKS, BONDS, LAND, MACHINERY, MINERAL RIGHTS) NOT MADE IN THE REGULAR COURSE OF BUSINESS	4,778	
(C) OTHER NET ALLOCABLE INCOME	410,077	411,916
31. BALANCE—NET INCOME SUBJECT TO APPORTIONMENT		25,820,782
32. NET INCOME APPORTIONED TO LOUISIANA (LINE 31 MULTIPLIED BY % FROM LINE 5, SCHEDULE Q)		2,514,763
33. ADD: ALLOCABLE INCOME FROM LOUISIANA SOURCES		
(A) NET RENTS AND ROYALTIES		
(B) NET PROFIT FROM SALES OR EXCHANGES OF PROPERTY (INCLUDING SUCH ITEMS AS STOCKS, BONDS, LAND, MACHINERY, MINERAL RIGHTS) NOT MADE IN THE REGULAR COURSE OF BUSINESS		
(C) OTHER NET ALLOCABLE INCOME		
34. TOTAL NET INCOME SUBJECT TO TAX (ENTER AS ITEM 1 PAGE 1 OF FORM IOFT 620)		2,514,763

NOTE: FOR TAXABLE PERIODS BEGINNING ON OR AFTER JANUARY 1, 1970, FEDERAL INCOME TAX IS NOT DEDUCTIBLE.

SCHEDULE Q—Computation of Income Tax Apportionment Percentage

1. DESCRIPTION OF ITEMS USED AS FACTORS (Your Principal Kind of Business Determines Which Factors Apply) (See Instructions).	2. TOTAL AMOUNT	3. LOUISIANA AMOUNT	4. PER CENT (COL. 3 ÷ COL. 2)
1. NET SALES OF MERCHANDISE AND/OR CHARGES FOR SERVICES:			
(A) Sales—See Inst.			
(B) Charges for services—See Inst.			
(C) BARREL MILES	482,804,897,979	74,166,898,920	15.3617 %
TOTAL (Enter total of Lines (A), (B), and (C) in Col. 2 & 3) (Enter ratio in Col. 4)			
2. WAGES, SALARIES, AND OTHER PERSONAL SERVICE COMPENSATION PAID DURING THE YEAR (Enter amounts in Col. 2 and 3, and ratio in Col. 4)	6,549,553	265,845	4.0589 %
3 INCOME TAX PROPERTY RATIO. (Enter percentage from line 27, Sch. M)			9.6513 %
4 TOTAL OF PERCENTS IN COLUMN 4			9.7719 %
5 AVERAGE OF PERCENTS (Line 4 divided by number of factors used) (Use result in determining income apportioned to Louisiana on Line 32, Schedule P)			

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #1

Cost of Operations - Schedule P, Line 2

Operating Fuel and Power	$ 18,864,956
Salaries and Wages	4,413,933
Outside Services	2,323,648
Product Losses and Shortages	2,925,523
Supplies and Expense	1,491,365
Maintenance Materials	725,084
	$ 30,744,509

Taxes - Schedule P, Line 17

Ad Valorem	$ 4,321,812
State Income (Ex. La.)	950,002
FICA	210,778
State Franchise	206,195
Federal Unemployment	8,896
State Unemployment	10,613
Other	479
	$ 5,708,775

Amortization - Schedule P, Line 21

Description	Year Incurred	Amount	Prior Years Deduction	Amortization Period	Amortizati For Year
Finance Costs	1962-1969	$582,839	$ 184,010	Thru 2002	$44,000

Other Deductions - Schedule P, Line 26

Employee Benefits	$ 833,213
Insurance	281,406
Miscellaneous	30,423
	$ 1,145,042

58-0863362

COLONIAL PIPELINE COMPANY

CONTRIBUTIONS PAID IN 1970

SCHEDULE #2

NAME OF ORGANIZATION	STATE	AMOUNT
Americus Fire Dept.	Ga.	$ 30.00
Apex Volunteer Fire Dept.	N.C.	25.00
Athens-Clarke Community Chest	Ga.	25.00
Bel Air Volunteer Fire Co.	Md.	6.00
Boys Club of America	N.Y.	250.00
Brookhaven Christian Church	Ga.	183.00
Calcasieu United Appeal	La.	25.00
Coaling Comm. Little League	Ala.	100.00
City of Belton	S.C.	7,109.00
Central Alarmers	Md.	100.00
Emery University	Ga.	50.00
Fairfax Volunteer Fire Dept.	Va.	25.00
Fellowship Fire Co.	N.J.	25.00
First Methodist Church	Ga.	25.00
Ga. Found. of Independent Colleges	Ga.	500.00
Georgia Baptist Hospital	Ga.	100.00
Georgia Peach Officers Assoc.	Ga.	25.00
Hixson Pike Fire Dept. Inc.	Tenn.	35.00
Jacksonville Volunteer Fire Dept.	N.C.	200.00
Jarrettsville Volunteer Fire Co.	Md.	100.00
Jean Hunter Ikard Memorial Fd.	Tex.	25.00
Jr. Achievement of Greater Atlanta	Ga.	200.00
Manchester Volunteer Rescue Sq.	Va.	25.00
Maryland Law Enforcement	Md.	25.00
Metrol Atlanta-American Red Cross	Ga.	100.00
Miss. Found. of Independent College	Miss.	150.00
Mutual Aid Organization	Va.	15.00
N.C. Found. Church - Rel. Colleges	N.C.	150.00
NAACP Special Contribution Fd.	N.Y.	50.00
Oak Grove Methodist Church	Ga.	236.00
Pasadena Volunteer Fire Dept.	Tex.	50.00
Penn. Chiefs of Police Assoc.	Penn.	25.00
Port Reading First Aid Squad	N.J.	25.00
Port Reading Volunteer Fire Dept.	N.J.	25.00
Post Volunteer Fire Dept.	Tenn.	17.00
Sabino-Neches Chiefs Assoc.	Tex.	25.00
Salvation Army	Ga.	50.00
So. Jersey Police Association	N.J.	25.00
St. Pious The Tenth School	Ga.	104.00

ributions Paid in 1970 (cont'd) Page 2

Sykesville Volunteer Fire Dept.	Md.	$ 25.00
Thorofare Volunteer Fire Dept.	N.J.	25.00
Underwood-Memorial Hospital	N.J.	100.00
United Appeal	Ga.	1,600.00
United Appeals	Tex.	25.00
United Community Campaign	N.C.	25.00
United Community Ser. of Cen. N.J.	N.J.	75.00
United Fund Campaign	N.C.	75.00
United Fund of Anderson County	S.C.	25.00
United Fund of Cent. Maryland	Md.	25.00
United Fund of Gloucester City	N.J.	75.00
United Fund of Roanoke Valley	Va.	25.00
United Fund of Spartanburg	S.C.	25.00
United Fund Rome & Floyd City	Ga.	25.00
United Givers Fund	Ga.	25.00
United Givers Fund of Richmond	Va.	175.00
United Givers Fund	D.C.	25.00
United Negro College Fund	Ga.	300.00
Va. Found. of Independent Colleges	Va.	150.00
Volunteer Fire Dept. - Montvale	Va.	25.00
American Cancer Society	Ga.	20.00
TOTAL CONTRIBUTIONS		$13,130.00

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #3

Net Rents - Schedule P, Line 30a

	Rent Received	Depreciation	Insurance	Net Rent
Land - Virginia	$ 1	-	-	$ 1
House - Alabama	825	$ 1,072	$ 79	(326)
House - Maryland	3,385	2,673	115	597
Delivery Lines - Tennessee	1,739	5,707	-	(3,968)
Land - New Jersey	60	-	-	60
Land - South Carolina	635	-	-	635
Land - North Carolina	50	-	-	50
Land - Tennessee	12	-	-	12
	$ 6,707	$ 9,452	$ 194	($ 2,939)

Other Intangible Assets - Schedule M, Line 8

	12-31-69	12-31-70
Special Deposits	$ 5,705	$ 5,705
Interest Receivable	167,049	1,714
Other Current Assets	32,069	22,657
Prepaid Insurance and Rent	198,347	109,590
Cost of Financing	449,216	405,227
Other Deferred Charges	83,627	651,626
Cost of Organization	38,629	38,629
Contract Pending Proper Classification	215,331	215,331
Employee Group Insurance Reserve	112,678	147,231
Treasury of the United States	90,000	90,000
	$ 1,392,651	$ 1,687,710

Real & Tangible Assets Not Used in Production of Apportionable Income - Schedule M, Line 22

	Louisiana		Everywhere	
	12-31-69	12-31-70	12-31-69	12-31-70
Construction Work in Progress	$ 98,537	$ 22,264	$1,329,127	$3,197,270
Rental Property (net)	0	0	448,993	425,945
	$ 98,537	$ 22,264	$1,778,120	$3,623,215

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #4

Page 1, Question F

Parishes in Which Property is Located:

Acadia
East Baton Rouge
Calcasieu
Cameron
E. Feliciana
W. Feliciana
Jefferson Davis
Pointe Coupee
St. Helena
St. Landry

Not doing intrastate business in Louisiana. All of Colonial's facilities and personnel are used soley in furtherance of the company's interstate business.

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #5

Taxable Income Not Recorded on Books This Year - Page 2, Schedule B of This Return

1969 Revenue Accrual	$ 2,573,000
1969 Interest Receivable U.S. Treasury Bills	49,557
	$ 2,622,557

Expenses Recorded on Books This Year Not Deducted in This Return - Page 2, Schedule B of This Return

Incentive Compensation	$ 113,400
Book Accrual of Interest on Deferred Incentive Compensation	3,559
Federal Income Taxes	9,352,313
	$ 9,469,272

Income Recorded on Books This Year Not Included in This Return - Page 2, Schedule B of This Return

Interest Received - U.S. Treasury Bills	$ 158,991
1970 Revenue Accrual	2,491,000
Overhead on Sale of Land	201
	$ 2,650,192

Deductions in This Return Not Charged Against Book Income This Year - Page 2, Schedule B of This Return

Interest Charged to Construction	$ 149,289
Depreciation in Excess of Book Depreciation	9,967,832
Incentive Compensation	112,813
Contested Taxes	153,302
	$ 10,383,236

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #6

Page 2, Line 17, Schedule A - Other Assets

	12/31/69	12/31/70
Matherials & Supplies	$ 535,792	$ 529,851
Construction Work in Progress	1,329,127	3,197,270
	$ 1,864,919	$ 3,727,121

Page 2, Line 26, Schedule A - Other Liabilities

	12/31/69	12/31/70
Salaries & Wages	$ 469,657	$ 506,360
Interest Payable	1,392,192	1,334,067
Taxes Payable	4,762,159	3,751,431
Employee Group Insurance Reserve	112,678	147,231
Incentive Compensation	72,445	76,592
Contested Taxes	153,302	-
Other	772	541
Dividend Payable	-	2,988,000
	$ 6,963,205	$ 8,804,222

Question G, Page 1 of the Return

Name: Colonial Pipeline Company of Pennsylvania

Address: 3390 Peachtree Road, N.E., Atlanta, Georgia 30326

Employer Identification Number: 5810940016

Percentage Owned: 100%

COLONIAL PIPELINE COMPANY

1970 LOUISIANA INCOME TAX RETURN

SCHEDULE #7

Other Net Allocable Income - Schedule P, Line 30c

	Allocable Investments 1/1/70	Allocable Investments 12/31/70	Total Assets 1/1/70	Total Assets 12/31/7
U.S. Treasury Bills, Finance Notes, Cert. of Deposit	$ 20,045,810	$ 4,779,255	$ 20,045,810	$ 4,779,25
Rental Property Net	465,969	425,945	465,969	425,94
Other Assets			364,487,943	358,787,4
	$ 20,511,779	$ 5,205,200	$ 384,999,722	$ 363,992,6
Beginning of Year Balance		$ 20,511,779		$ 384,999,7
Total		$ 25,716,979		$ 748,992,3
Average		$ 12,858,490		$ 374,496,1
Ratio				.034335

Interest Expense Allocated to Total Allocable Assets (.034335 x 16,474,337) $ 565,4

Interest Expense Allocated to U.S. Treasury Bills
Average Investment U.S. Treasury Bills * 1,308,231 / 12,858,490 x 565,466 $ 57,3

Interest Income U.S. Treasury Bills 158,9
Interest Expense Allocated U.S. Treasury Bills 158,9

Other Allocable Income

Interest Income		1,077,8
Less: Interest Expense Attributable to Other Allocable Income 565,466 - 57,355	508,111	
Overhead	711	
Interest Expense Attributable to U.S. Treasury Bills	158,991	667,81
Other Net Allocable Income		$ 410,07

* 1-1-70 $ 2,616,463
12-31-70 -0-
Total 2,616,463
Average $ 1,308,231

COLONIAL PIPELINE COMPANY	:	No. 152,892 - DIVISION B
VERSUS	:	19TH JUDICIAL DISTRICT COURT
E. LEE AGERTON, COLLECTOR OF REVENUE	:	PARISH OF EAST BATON ROUGE
	:	STATE OF LOUISIANA

WRITTEN REASONS FOR JUDGMENT

This action arose from a dispute between the plaintiff, Colonial Pipeline Company and the defendant, the Collector of Revenue for the State of Louisiana, concerning the tax liability of the plaintiff under L.S.A. - R.S. 47:601, the Louisiana Corporation Franchise Tax, for the years 1970-71. Under the procedure of the tax statutes, the plaintiff was assessed for those years, paid the tax under protest, and is here seeking recovery of the taxes paid plus interest. At trial, the parties introduced no testimonial evidence, but submitted the case for decision on stipulations and documentary evidence. From that evidence and those stipulations arise the following findings of fact.

Colonial Pipeline Company is a common carrier of liquefied petroleum products, subject to the regulations of the Interstate Commerce Commission. Its chief physical asset is a massive pipeline system stretching from the area of Houston, Texas to the outskirts of New York City, a total of some 3,400 miles of pipe. Through this line, Colonial pumps approximately one million gallons of petroleum products per day, none

of which it owns. Of the total pipeline mileage owned by Colonial, approximately 258 are located in the State of Louisiana. Over this distance, there are several booster pumping stations which keep the products flowing at a sustained rate, and at various collection points (chiefly Lake Charles and Baton Rouge), there are tank storage facilities. To maintain and help operate this line, Colonial keeps approximately 25-30 employees in the State. These consist of various classifications of mechanics, electricians, and other workers whose chief duties are to inspect the line and perform minor maintenance chores. There were no administrative offices or personnel in the State during the period in contention, although prior to this time Colonial had maintained a Division office in Baton Rouge.

In its operation in Louisiana, Colonial has apparently done no intrastate shipping of petroleum products. Loads or batches are picked up outside the state and deposited within the state, and picked up within the state for transportation elsewhere. There are apparently no facilities in the state, except for those in Lake Charles and Baton Rouge, for injecting or withdrawing products into or from the line.

In 1970, the Legislature amended and reenacted R.S. 47:601, after Colonial and successfully overturned an attempted application of a similar tax in 1968. Colonial Pipeline v. Mouton 228 So. 2d 718. The questions posed in the first Colonial case are again at bar in the instant action: How should Colonial's activities in the State of Louisiana be characterized vis' a vis' interstate commerce? Does the statute, as written, apply to Colonial? If so, is the application

constitutional in light of Article I, Section 8, Clause 3 of the United States Constitution?

In the first Colonial case, the appellate court answered these questions in this manner: It upheld the trial courts' finding that all of Colonial's activities in the state were closely connected with and incidental to its transportation of petroleum products in interstate commerce, it found the statute, as then written, applicable to Colonial but it further found, and again upheld the trial court, that such application was violative of the Commerce Clause as a tax upon the privilege to engage in interstate commerce and thus voided the application of the tax to Colonial.

In the instant action, it seems apparent that Colonial's activities in Louisiana, as earlier documented, have not changed appreciably, if at all, in the intervening time period. In fact, counsel for both plaintiff and defendant stipulated to the essentially unchanged operations of Colonial in Louisiana. Without contrary evidence, and in light of this stipulation, this Court can see no reason to alter the characterization of Colonial's activities in Louisiana as wholly interstate in nature as was done in the first Colonial case.

Since this Court has found that Colonial's Louisiana operation as wholly interstate in character, only two questions remain for decision. The first, that of the applicability of the tax to Colonial, can be disposed of quickly, since it seems obvious that Colonial's activities are such that it cannot escape application of the tax. Under the three incidents listed, Colonial is subject to the tax on the basis of all three. It is

qualified to do business in Louisiana, it is doing business here, and it owns and is using part of its property here, all in corporate form. However, in the first Colonial case, First Circuit Court of Appeals stated that these incidents are not a sufficient basis to support a valid application of this tax. As they stated at page 722:

> "This question has never been squarely presented to an appellate court of this state, to our knowledge, on any prior occasion. However, we are of the opinion that these privileges are not of a sufficient local nature as to subject Colonial to a franchise tax. The privileges above enunciated are incidental to and in the furtherance of Colonial's primary object of transporting petroleum products in interstate commerce. The mere qualification to do business does not, per se, subject Colonial to the subject tax.' Colonial Pipeline v. Mouton 228 So. 2d 718."

The remaining question at bar is simply this: Is the application of the franchise tax to Colonial constutitionally valid considering both the interstate nature of its business operations here, and the Commerce Clause of the United States Constitution?

In the first Colonial case, the First Circuit Court of Appeals stated that under the statute (as then written) the tax sought to be imposed could validly apply to a foreign corporation engaged in interstate commerce only where the tax was in lieu of other corporate taxes or where sufficient local activities existed to justify imposition of the tax. The 1970 statute, like

the previous one, specifically states that the tax is to be imposed in addition to other corporate taxes and thus cannot be an "in lieu" tax. Furthermore, since no local activities can be found in Colonial's operations here, the tax cannot be applied on this basis. The only remaining possibility is that the 1970 amendment sufficiently changed the statute to cure the constitutional defects barring application to Colonial.

The 1970 amendment to R.S. 47:601 made two changes in the previous statute. The first change eliminated one of the taxable incidents of the previous statute: the privilege of carrying on or doing business in Louisiana. The second change merely separated the other taxable incidents and placed them in individual paragraphs, adding a section explaining the purpose of the statute. In the place of the eliminated incident, the 1970 statute calls for the tax to apply if the corporation qualifies to carry on or do business or actually does business in corporate form. The aforementioned changes in R.S. 47:601 do not appear to be substantial. Despite the removal of the "privilege to do business" incident, and the addition of the "corporate form" incident, an honest appraisal must be that there is little or no difference between the two. To operate in corporation form, or any other form, in interstate commerce is to exercise the privilege of doing business in any state which that commerce may contact, and use of "magic" words or phrases cannot change this fact. If a tax on the privilege of doing business is to be prohibited by the Commerce Clause, then a tax on the actual doing business must also be prohibited.

Therefore, considering the stipulations,

exhibits and the above and foregoing reasons, it is the judgment of this Court that to apply the tax called for in R.S. 47:601 to this plaintiff would be an unconstitutional exercise of the taxing power of the State of Louisiana.

Judgment will be rendered in favor of the plaintiff, Colonial Pipeline Company, and against the defendant Collector of Revenue in the amount of the main demand. Judgment will be signed accordingly, with costs to be paid by the defendant to the extent permitted by law.

Judgment will be signed accordingly.

Baton Rouge, Louisiana, this 17th day of May, 1972.

s/Daniel W. LeBlanc
Daniel W. LeBlanc, Judge

...oOo...

19TH JUDICIAL DISTRICT COURT
PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA
DIVISION "H"

COLONIAL PIPELINE COMPANY	:	NUMBER 152,892
	:	
VS.	:	Filed May 26, 1972
	:	
E. LEE AGERTON,	:	
COLLECTOR OF REVENUE	:	JUDGMENT

This cause came on for hearing on the 10th day of March, 1972, according to previous assignment. Present in court: R. Gordon Kean, Jr. of Sanders, Miller, Downing & Kean, Attorneys for Plaintiff, Colonial Pipeline Company; Donald C. Theriot and A. Lynn Wright, Attorneys

for Defendant, Collector of Revenue.

This cause having been duly heard and submitted to the Court for adjudication, pursuant to briefs to be filed, and the Court considering the law and evidence to be in favor of Plaintiff, for written reasons assigned on the 17th day of May, 1972;

IT IS ORDERED, ADJUDGED AND DECREED that there be judgment herein in favor of the Plaintiff, Colonial Pipeline Company, and against the Defendant, Collector of Revenue, in the sum of One Hundred Fifty Thousand, Seven Hundred Nineteen and 80/100 ($150,719.80) Dollars, representing the amount paid by Colonial Pipeline Company to the Collector of Revenue under protest as set forth in the petition herein, together with interest on said amount at the rate of two (2%) per cent per annum from November 2, 1971, until paid, and for all costs which may be legally assessed against the Collector of Revenue.

JUDGMENT RENDERED in Open Court on the 17th day of May, 1972.

JUDGMENT READ AND SIGNED in Open Court this 26th day of May, 1972, at Baton Rouge, Louisiana.

s/Daniel W. LeBlanc
J U D G E

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